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Sequoia - Doug Leone

6-8 minutes

Maybe because of my upbringing — I'm an immigrant from Italy, I actually came on a boat at the age of 11 — there's something to be said for the feeling of desperation and the feeling you have no choice but to win.

The old adage that, "if it ain't broke, don't fix it," does not apply to Sequoia Capital. It's the exact opposite. If something is working like a dream, we modify it, we try to break it, because competitors and new entrants will try to find new ways to beat us.

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I'm interested in the increasing rate of change, caused by technology, in all market segments.

When we first met the team at Meraki, it was clear that the founders and the product were exceptional, but the market they were planning to chase was not. We spent the first two years exploring four different markets until we found the one that worked. Their early days were not easy and the company struggled. Eventually, when they zeroed in on the appropriate market opportunity, revenues skyrocketed.

There are exactly zero successful founders who weren't insistent on doing things their own way.

Great founders listen to all points of view and then march down whichever path they deem most productive. They can be irreverent and stubborn, but that's not a bad thing. Placating them when we disagree is. It's OK to have a spirited conversation based on facts and not emotions...and in the end, it is the founder who decides the path.

None of the companies where I serve on the board are "Doug Leone companies." They are Sequoia Capital companies. We work as a team. A founder has not just Doug Leone or Jim Goetz on the board, but all of Sequoia Capital.

When I meet an entrepreneur who's considering partnering with us, I tell her that I'm not a founder's friend. I am a founder's business partner. My job is to do everything in my power to help make her and her company enormously successful. I'll work 24/7 to help realize the full potential of her idea. We will likely become good friends over time.

If a founder wants a nodding bobble head, we're the wrong partners, and I am certainly the wrong board member.

Hire people who think from first principles. If you have a playbook written in indelible ink, or if you know the answer before the question is asked, you are not for us.

Choose to have kids or not. But if you choose to have kids, invest in your kids. That is the most important thing you can do in your life.

My first job in sales was selling north of 96th Street in New York City. Now it's cool to be north of 96th Street. Let me tell you, in 1979 it was not safe to be north of 96th Street. But that location had Columbia University, where someone explained to me what the ARPANET was. And that eventually led to a job at Sun Microsystems.

If you pitch to Sequoia, just describe clearly your vision, your product, and the business around your product. Remember, you are selling shares, not selling just product. We don't need a balance sheet for the year 2040.

Crystal-clear thinking is one of the things we look for. Not a fancy slide pitch, but crystal-clear thinking.

Avoid pontificating board members with nothing to say.

Sequoia looks for people from humble backgrounds. Maybe something happened in our lives early on, our system was shocked, and we have this unbelievable need to stay on top and to succeed.

It's why I get up at 4:30 every morning to work out. I want to make sure I don't lose an inch on the edge front.

Make no mistake: We want to be the very first penny of capital into young companies for the simple reason that we want to be their business partner from day one. We know from experience over many, many years that the DNA of a company is often set in the first 30, 60, or 90 days.

Make sure you have a partner who has experience, bandwidth, and tells it like it is. The last thing a founder needs is to have to figure out what his or her board member actually means.

A great investor partner completely appreciates how difficult the life of a founder is, and he should do everything in his or her power to help them succeed. Adding stress is not helpful.

Venture is quite a competitive business. Everybody is saying exactly the same things, but only a few firms are able to deliver for portfolio companies.

Next time you hear from an investor that he or she is "founder-friendly" as part of his sales approach, you may want to raise your antenna in the same way you would when a stranger starts calling you "buddy" a few minutes after he or she meets you. It's a marketing tagline meant to disarm you.

If you come to present at Sequoia there are no phones out, no one looking at email, the meetings start on time. We try to treat people the way we would treat someone in our living room. Because we completely understand the pressure you're under when you come to see us. We take that presentation and the conversation that follows quite seriously. We don't expect you to have all your facts buttoned up. We have partnered with numerous founders at the very earliest stages of their company.

We don't have flower children here. We will ask questions if we have them.

I hate talking about the past. The one thing you should know about me is that I rarely take photographs. Because I'm afraid that photographs tie me back to the past.

We're paranoid as heck. We're always one or two decisions away from becoming a second-tier firm. And that is very clear in our minds.

We have a heterogeneous set of talents at Sequoia. We have engineers, sales, marketing, finance, Italians, Chinese, Indians. But we would benefit by having more women on our investment team.

The founders and management teams do 99% of the work. They're the ones who should be in the limelight.

I have no idea what's hot. But I'm certainly always listening. Big Dumbo ears. Just listening.