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## Andy Rachleff and Startup Lessons of Greatness: You need a breakthrough insight

Mike Maples, Jr.

6-8 minutes



I thought a lot about who to interview first for *Starting Greatness*. I decided to go with [Andy Rachleff](#), co-founder of Benchmark Capital and CEO of [Wealthfront](#).

Andy has had a front-row seat to startup greatness again and again. From his vantage point as a venture capitalist, Benchmark's investments have been mind-boggling:

In 1997, they invested \$6.7 Million in eBay at a \$30 Million valuation. Today eBay is valued at \$29 Billion. In 2001, they invested \$12 Million in Uber at a \$109 Million valuation. Today, Uber is also valued at \$29 Billion. They've also backed Dropbox, Twitter, Snap, NewRelic, NextDoor, Juniper, StitchFix, Zillow, Red Hat, and many others.

More to the point of the podcast, **Andy literally coined the phrase product-market fit**. And since getting product-market fit is job #1 for any startup, it seemed right to talk to him to kick things off.

Andy's ability to pull things together and be a guide to the wisdom of the all-time greats is really special. In our interview, he talks about lessons of greatness from Don Valentine of Sequoia, Scott Cook of Intuit, Reed Hastings of Netflix, and renowned thought leaders like Geoffrey Moore, Clay Christensen, Eric Ries, and Steve Blank.

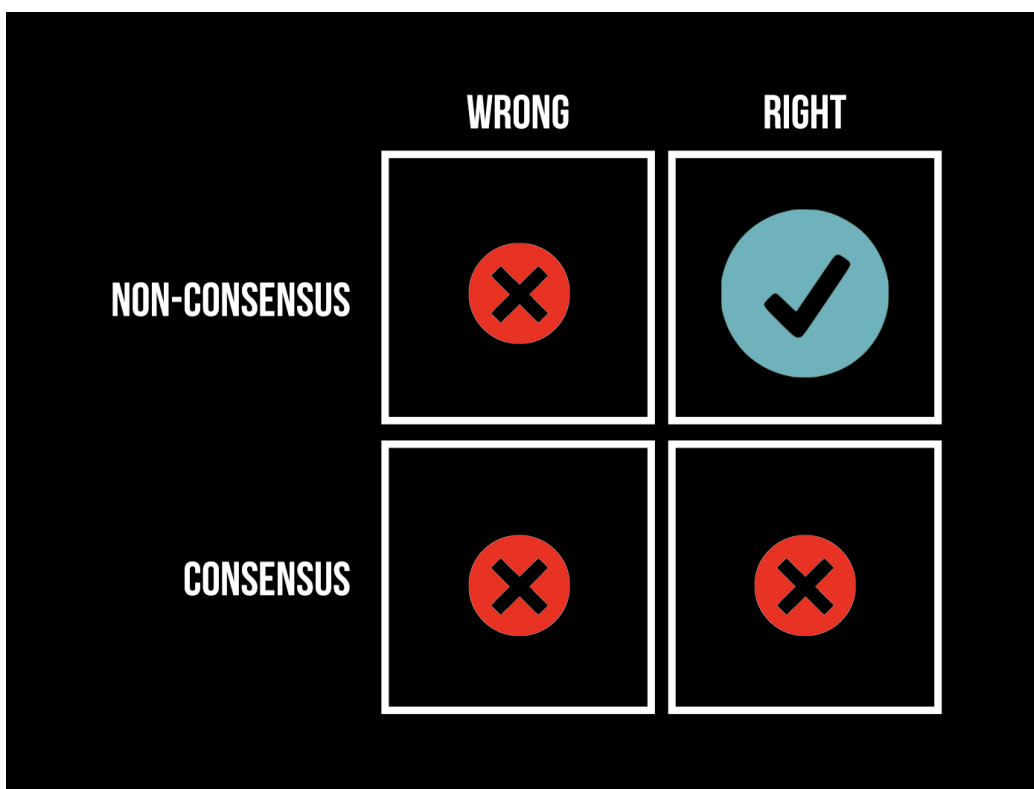
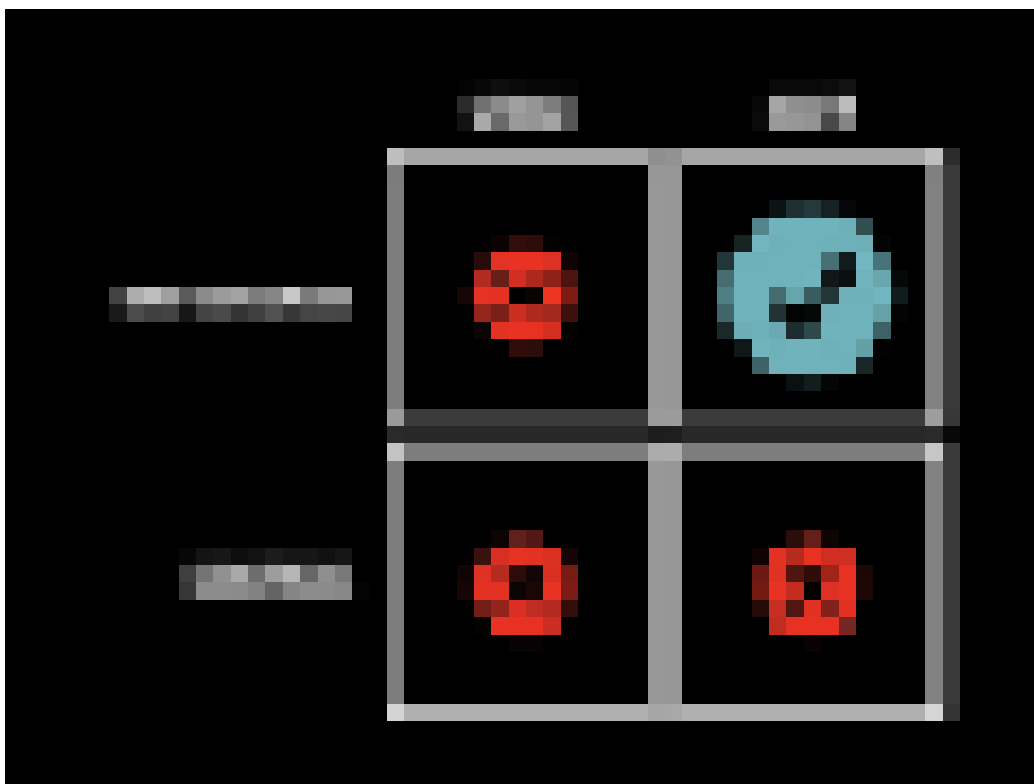
And he is one of the people who I am always excited to see on my calendar when I head to work because I learn something new every time.

You can listen to our interview [here](#):

We spent a lot of our time discussing what product-market fit really is and how you know if you have it, as well as how to avoid fooling yourself. We also talk about product-market fit through the lenses of business and consumer offerings. If you like what you hear, please [subscribe on iTunes](#) here or [wherever you get your podcasts](#). You can also listen to our five-minute summary explaining why you need a breakthrough insight below:

In our session, Andy emphasized a very fundamental lesson of greatness — in order to create something legendary, you have to have an insight that is **non-consensus and right**.

Andy suggests we visualize a 2x2 matrix. On one dimension, you can be right or wrong. On the other dimension, you can be consensus or non-consensus.



If you seek greatness, then just being right is not enough.

If you are wrong, you will fail, no matter what.

But it turns out that just being right is not enough.

There is one square you want to be in. And that is the square that is **non-consensus and right**.

Most people don't realize that if you are in the right and consensus square, you will usually not achieve greatness. Your startup might have a good idea, but if it's too obvious, multiple me-too competitors will

get funded by me-too VCs. As competition floods the market, prices erode, and sales cycles lengthen. And the exit options become less attractive.

The path to greatness is to be non-consensus **and** right.

Being non-consensus and right affords the startup the time to survive, adapt, and succeed after trial and error without fatal consequences. No one preys on them because no one believes their idea is important.

This gives the startup time to master differentiable and specific skills and build strengths for inevitable competitive battles that will come in the future. When you're starting out, it's way better if your potential competitors don't care about what you're doing.

At FLOODGATE, we emphasize that **Insight Development** — the period of time where you aim to discover a non-consensus and right idea — should happen even before Customer Development. This flows directly from Andy Rachleff's reasoning.

One of the most valuable lessons Andy teaches us is that *\*Insight\** is not the same as Analysis.

You can analyze customer pain when you start your startup, and the pain might be real, but that does not prove that your idea is unique. You can analyze a market for gaps or whitespace, but that doesn't mean you have discovered something that no one else has seen.

Insight is about knowing things that others don't know yet. Insights are what help a startup get an unfair advantage when they have very few other advantages.

When you develop insights, you ask a set of penetrating questions to stress-test whether your insight is powerful enough to achieve greatness in your startup. This means you ask different types of questions that go beyond basic analysis. Examples could be:

What is my **"Earned Secret?"** What work have I done to find something out that others don't know? How did I uncover the secret? Why is it a secret? What work did I do to develop the conviction that my secret is real?

What is my **"Why Now?"** Almost every startup idea has been tried. Shouldn't I assume my idea has been tried? Who has tried something similar? Why did they not succeed? Has there been a major technology change event that makes something possible only now? Is there increasing adoption of a technology that makes something possible only now? Why is now the time for your idea to happen?

Am I creating something **Truly Disruptive**, or am I doing a better job of what's already been done? If I am disruptive, is it because I am addressing a market that previously could not be served? (new-market disruption), or is it because I'm offering a simpler, cheaper, and more convenient substitute to an existing product? (low-end disruption.)

Does my idea suggest that I am **Living in the Future** and solving what's missing in the future? Or am I trying to address a pain or find a white space market in the present?

If some of these thoughts raise serious questions in your mind, that's actually **good**. Great startups require serious thinking as well as maniacal focus and execution. The purpose of *Starting Greatness* is to cover all of these in-depth over time. In future interviews and summaries, we will talk about **Insight Development** frequently. For the time being, the important takeaway is that you should commit yourself to have a powerful insight if your startup is committed to achieving greatness.

All of the biggest breakthroughs came from unconventional insights. The theory of gravity, Euclidean geometry, and the notion of the solar system were put forward by heretics in their time.

Not surprisingly, most of the really big startup outcomes seem crazy in the early days. But there is a "right kind of crazy," and Andy Rachleff shows us why that's critical for founders to know when they are seeking greatness.

Thanks, Andy, for taking the time to share your wisdom!

Next Up: **Sarah Leary, co-founder of Nextdoor: Hack Value before Hacking Growth**

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