

By Charles Wong

## Chapter 1: Foundation (Sam Altman)

### Why Should You Start a Startup?

- Reality isn't so glamorous
  - Stressful
  - Always on call
  - Hunched over tables
  - Founder depression

What It's Actually Like



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- Mark and friends @ FB
- You'll be the boss?
  - Everyone else is your boss
  - CEOs report to everyone
  - If you want power and authority, **join the army**
- Flexibility?
  - You'll be able to work any 24 hours a day you want!
- You'll make more and have more impact?
  - Joining as an employee at mid-early stage growing startup can be worth millions on its own
  - As a founder, you need to be wildly successful for that to make sense
  - Adding a late-stage feature to an established company is a **force multiplier**
    - Employee #1500 at Google made Maps
    - Employee #250 at FB made the like button
- The best reasons for starting a company are:
  - You **need** to do it
  - The world **needs** you to do it
    - The world needs it
    - The world needs you
      - The world needs you somewhere - find where

- Recommended reading list:
  - Hard thing about hard things
  - Zero to one
  - Facebook effect
  - The Tao of leadership
  - The 13 commitments of conscious leadership
  - Nonviolent communication

## Core Principles

*Success = Idea \* Product \* Team \* Execution \* Luck (where luck is any number between 0-10000)*

### Idea

#### General Guidelines

- It's become cool to not spend too much time here and just begin building
- A bad idea is still bad
- Pivots are fine, but most good companies start with a great idea, not a pivot
- Airbnb started because founder couldn't pay rent
- If this works out, you're going to be working on this for 10 years
  - So think long and hard if this is something you want
- Plans themselves are worthless, but the act of planning is important
- You need a nice kernel to start with
- You need to build something that's difficult to replicate
- IDEA FIRST, STARTUP SECOND
- Company should feel like an important **mission**
  - Mission-oriented to get people to rally and be productive around it
  - Hard ideas are easier to garner support for than a derivative easy one
- Your first idea does not need to sound and seem big/visionary

#### Market Size and Growth

- Must think about size, growth of the market, defensibility of the idea
- You **CANNOT** create a market that doesn't exist
- Monopoly in a large market when you start is impossible
  - Find monopoly in a small market and then quickly expand
  - This is why some great ideas look terrible in the beginning
  - "I know this sounds like a bad idea, but here's why it's a **great** one"
- You need a market size that will be big in 10 years
  - Think about what your target market will look like in a decade AND what will cause it to plateau
- How do you tell which markets are growing fastest?
  - Use instincts as a young student

## Timing

- Why now? Why is this a good time to start this particular company?
  - Why couldn't it have been done 2 years ago, and why is 2 years in the future too late?

## Customer Needs

- Best to build something you yourself need
  - Building your first version for a customer who isn't yourself is hard
- Idea should be easy to explain and understand
  - If takes more than a sentence, it's too complex
- Try to avoid derivative ideas like:
  - X for red wine lovers
  - Y for dog owners
- Begin with the audience - start with their demands, while you create the supply

## Product

### Love

- When turning a great idea into a great product:
  - Build something a small number of users **love**
  - **LOVE**. Not like or want a medium amount.
  - Talk to users
  - Eat
  - Sleep
  - Exercise
- Law of conservation of love



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- A key indication of true love is spread by word of mouth (organic growth)
- Best way to achieve this is to start with something simple
  - Even if your eventual plans are complex, begin with as little surface area as possible
- Fanatical commitment to the product helps building great products

## Learning From Customers

- Recruit initial users by hand

- Anywhere in the world
- By any means possible
- Understand that group extremely well
- Do anything to make them love you
- Product building feedback loop
  - Make this loop as tight as possible
  - Show product to users
  - What do they like?
  - What would they pay for?
  - What would make them recommend it?
  - Make product decisions

## Metrics

- Focus on growth
- **Company will build whatever the CEO decides to measure**
  - Active users
  - Activity levels
  - Retention
  - Revenue
  - Net promoter score

## Team

### Co-founders

- No. 1 cause for death is co-founder blowups
- Most important decision as a startup
- Top 20 YC companies have more than 2 founders
  - Best is tight group of friends with shared history
  - Not good is solo founder
  - Worst is random pairings
- A good model for a co-founder is **James Bond**
  - Relentlessly resourceful
  - Unflappable
  - Creative
  - Decisive
- When should co-founders decide on equity split?
  - Lots of people put this off for way too long
  - Should be done as early as possible
  - If you don't want to give you cofounder even split, think about whether you want this person as a co-founder or not
- How to deal with co-founders leaving?
  - Vesting
    - $n/4$  of the promised equity where n is number of years worked
- Don't work remotely with your co-founders

## Hiring

- Try not to hire
- People tend to judge how real or cool your startup is by your team size
  - It sucks to have lots of employees
  - Low employee count is great
    - Low burn rate
    - Less management
    - Lean, agile
    - Clear direction
- The cost of getting an early hire wrong is VERY HIGH
  - Bad hires can kill the company
  - Airbnb took 5 months to hire their first employee
    - Airbnb CEO came up list of key culture attributes early hires had to have
    - He asked “if u were diagnosed with 1 year left to live, would you work at airbnb?”
    - A bit crazy, but point was made
- Recruiting is **HARD**
  - Great people have lots of great options
  - Long process of convincing that your mission is most important
    - That's why product is most important
    - People wanna join a rocket ship
- How much time to dedicate to hiring?
  - Either 0% or 25%
  - Biggest block of time spent, or not at all
- How to find the best?
  - Personal referrals build the first 100 people
  - It's weird to call every great person you met, and ask your team to do the same, but these network effects are most important
  - Look beyond your local community
- Does experience matter?
  - It matters for some roles
    - E.g., someone who runs a large dept or organisation
  - For most early roles, **not really**
    - Go for aptitude
- Things to look for in a hire
  - Are they smart?
  - Do they get things done?
  - Do I want to spend lots of time with them?
  - Do they have good communication skills?
  - What projects have you worked on? (Take a deep, deep dive into this)
  - Are they tolerant to risk?
  - Are they maniacally determined?
  - Animal test
    - You need to be able to describe someone as an animal

- Ala they need to have a defining characteristic
  - Would you be comfortable reporting to this person if the roles were reversed?
  - **Try to work on a project together instead of an interview**
- Employee equity
  - Aim to give 10% to first 10 employees
  - Be stingy with investors, generous with employees
- Employee retention
  - Praise your team, give them credit
  - Take responsibility for bad stuff
  - Give them increasing responsibility
  - Autonomy + purpose
- Fire fast
  - You want to fire people who
    - Create office politics
    - Persistently negative
  - How to keep existing employees feel secure?
    - Usually fires are constantly making poor decisions
    - Their bad performance is painfully obvious to all
    -

## Execution

### Jobs of the CEO

- Set the vision
- Raise money
- Evangelise
- Hire and manage
- Make sure everyone executes

### Focus

- What are you spending time and money on?
- What are 2 or 3 of the MOST important things?
  - If you cannot distill and act on these things, you will not be effective
- Say no a lot
- Set clear overarching goals
- Communicate
- Maintain growth and momentum
- Don't get distracted
- Work locally together
- Intensity
  - Focus and dedication
  - Relentless operating rhythm
  - Obsession with quality
  - Bias towards action, keep moving
  - Do huge things in incremental pieces

## Momentum and Growth

- Never take your foot off the gas pedal
- Keep accumulating wins
- Software
  - Keep growing
- Hardware
  - Don't slip up on ship dates
- Save the grand vision speeches for when the company is winning
  - When the company is losing momentum, focus on small wins
  - FB in 2008 setup a growth team that focused on small wins
    - Quickly became the most prestigious group in the company
- Sales fix everything
- Disagreement spawns when startups lose momentum
  - The best way to dissolve disagreement is to **ask users**
- Don't worry about competitors until they launch a better product
  - **The competitor to be feared is one who never bothers you at all, but goes on making her own business better all the time.**

## Chapter 2: Before the Startup (Paul Graham)

- Paul's full essay [here](#)

## Counterintuition

- Your instincts do not always work
- Startups are so weird that if you trust your instincts, you'll make a lot of mistakes
- Listen intently, and do not ignore partners' advice
  - Counterintuitive ideas contradict intuitions
  - Easy to dismiss advice as something that doesn't make much sense
  - Only advice that surprises you is worth listening to anyway
- Trust your instincts about people
  - Don't make the mistake of giving dodgy people a free pass just because this is the 'business world'
  - Pick partners like you pick friends
  - Good, upstanding folks

## Expertise

- It's not important to know a lot about startups
- It is most important to be an expert on your users
- Don't feel bad about not knowing specific mechanics, e.g., fundraising
- One of the key mistakes of young founders is to go through the motions
  - Plausible sounding idea

- Great valuation
  - Cool office
  - Absolutely fucked
- Never forget to make something people want

## Playing the Game

- Gaming the system stops working
- Mindlessly going through the motions is something you've been trained in your entire life
  - Extracurricular activities
  - Artificial standardised tests
- Young founders often want to know what 'the trick' is to winning at this new game
- The best formula is:
  - Do well (lol)
  - Grow fast
  - Tell investors
- Gaming the system can work at big companies
- You can even fake your way through investors
- But with startups, you have to stop looking for 'the trick'
- Different types of work allow for different levels of gaming the system
- How do you win in each type of work?
- What would you like to win by doing?

## All-consuming

- If you start a startup, it will take over your life to a degree you cannot imagine
- And if your startup succeeds, it will take over your life for a long time
  - for several years at the very least, maybe for a decade, maybe for the rest of your working life
  - Opportunity cost is very high
- Every big YC success says the same things:
  - Running a company doesn't get easier
  - Nature of the problems change, but volume of problems is the same
- Starting a startup is like having kids
  - Once you push the button, your life changes irrevocably
  - But people seem to think starting in college is the best thing to do
  - Universities set up entrepreneurship programs left and right because it's what attracts students
- Starting a startup is something you can only learn by doing it
  - Startups take over you life
  - You cannot be both a student and a startup founder
  - You will be one or the other, or neither
- DO NOT START A STARTUP IN COLLEGE
  - Starting a startup is just a part of a bigger question: how do I live a good life?



- Startups can be part of a good life for many people, but early 20s is not the time to do it
- Starting a startup is like a brutally fast depth-first search
- 20s should be an exploratory breadth-first search
- You sacrifice nothing if you forgo starting at 20, because you're more likely to succeed if you wait
- The usual way for startups to succeed is because founders MAKE THEM succeed
- It's stupid to do that at 20

## Trying

- Should you do it at any age?
  - Startups are hard
  - How can you tell if you're up the challenge?
  - SPOILER: you can't.
- Paul probably has the most experience at trying to predict if people would be tough and ambitious enough
  - How much can an expert know about this prediction?
  - Not much.
  - Therefore, he keeps an open mind about which startups would be stars
- The only way to know is to try

## Ideas

- So you want to start: what should you do in college?
- Get an idea and some co-founders
  - M.O. for both is the same
  - **The way to get startup ideas is not to try to think of startup ideas**
  - Essay on this topic [here](#)
- All the top companies were meant to be companies
  - They were all just side projects
- How do you turn your mind into a startup idea machine?
  - Learn a lot about things that matter
    - Charles: first principles thinking helps here
  - Work on problems that interest you
  - With people you like and respect (this is how you get cofounders)
- Gratifying your interests energetically is the best way to prepare yourself for a startup, and probably the best way to live
- One good way to turn your mind into the type for good startup ideas is to get to the leading edge of a technology
  - Aka "living in the future"
  - At this point, you may not realise your ideas are startup ideas, but you know they ought to exist
- If you want to start a startup after college, learn powerful things
- **Starting a startup is merely an ulterior motive for curiosity: just learn.**

# Chapter 3: Building Product, Talking to Users

## (Adora Cheung, CEO of Homejoy)

- Have large blocks of uninterrupted time, rather than sporadic, spaced-out
- Describe the problem your idea is solving
  - Verify others have it
- What's your solution?
  - Become an expert in your space
  - Identify your customer segment and focus on them
  - Storyboard the ideal user experience before you even build
- Build a damn MVP
- Get first users to start trying it
  - Parents
  - Friends
  - Family
  - HN
  - Local communities
  - Reddit
  - Mailing lists
  - Influencers
  - Blog
  - Cold calls/emails
- Now you've got users and MVP, get feedback
- Iterate on product
- Ready to ship
  - Just fucking launch it already
- Ready for a lot of users?
  - Learn one channel at a time
  - Iterate on channels that work
  - Revisit failed channels
  - Measure metrics, remain creative
- Types of growth
  - Sticky
    - Returning customers
    - Good experience wins
    - Customer lifetime value and retention are key
    - Repeat (power) users buy more and more over time
  - Viral
    - 1 person tells 5 friends, network effects
    - Great experience + great referral programs
    - Customer touch points
    - Program mechanics
    - Referral conversion
  - Paid

- Buy growth through ads and marketing
- Customer lifetime value > customer acquisition cost
- AKA cost to acquire a user is less than what the customer pays over the course of their subscription/time with you

## Chapter 4: Competition is for Losers (Peter Thiel)

### Capturing Value

- A business creates X dollars of value and captures Y% of X
  - X and Y are independent values
- The US airline industry has more revenue than Google, but its profit margins are less
  - As a result, Google's market cap is far larger than the airline industry
- Two kinds of businesses in this world
  - Perfectly competitive
  - Monopoly

### Lies People Tell

- Monopolies pretend like they're in competition
  - We're in a huge market
  - Example: Google says we're not a search engine company, we're an ad company
    - Global ad market is 500 bn, Google is only a fraction of that
    - But in search engines, Google is > 70% dominance
    - But they would never admit that they're a monopoly
- Competitive companies tell everybody they have a special edge, and are not competing with other companies
  - We're in a narrow market
  - Example: We're the only British food in Palo Alto
    - There's british food in the next town
    - Nobody exclusively eats British food
  - The something of somewhere is usually the nothing of nowhere

### How to Build a Monopoly

- Start small and monopolise
  - Easier to dominate a small market
  - If you think your initial market is too big, it certainly is
  - Too much competition with a big market
- Expand from small markets
  - Amazon started with bookstore
  - eBay started with pez dispensers and beanie babies
  - Paypal started power sellers on ebay
  - FB was 10,000 people at Harvard

- Start big and you'll shrink
  - Every clean tech company 2005-2008 failed because they tried to take on the whole energy market

## Last Mover Advantage

- Characteristics of a monopoly
  - Proprietary technology
    - Peter Thiel's thesis is that you should have tech an order of magnitude better than everyone else
  - Network effects
    - Tricky because they're often to get started
    - Why is it valuable to the first person?
  - Economies of scale
    - High fixed cost, low marginal cost
  - Branding
    - Thiel: I don't understand it, but it's important
- Critical to have a monopoly that lasts a long time
  - First movers don't always win
  - You want to be the last remaining mover
- The value of these companies lasts far into the future
  - Paypal finance exercise in 2001 showed that  $\frac{3}{4}$  of value was cash flow in 2011 and beyond
- Growth rate is overrated, durability is underrated
  - Growth is easy to measure
  - Durability is more qualitative
- Having the first major breakthrough in an industry, and then being able to explain there will not be another one for some time
  - Improving on it at a pace that no one else can keep up
- Chess analogy:
  - White is first mover, gains  $\frac{1}{3}$  pawn advantage
  - You want to be the last mover, perform the checkmate

## History of Innovation

- In science, it is not uncommon for enormous innovation to go unrewarded
  - In the value equation where a business creates X dollars of value and captures Y% of X, Y has generally been 0 across the board
  - Fundamental delusion where people think our society is fair and just, and they will simply be rewarded for their contribution
- Enormous proportion of history that can be explained from the perspective of captured value
  - Einstein didn't make much money
  - Railroad companies went bust
  - Wright brothers also went bust

- Only 2 broad industries where people innovated something new and captured value after
  - Complex, **vertically integrated** companies
    - Lots of moving parts, difficult to assemble
    - High value once built and working
    - No single massive breakthrough
    - Massive integration
    - E.g., Tesla, SpaceX, Ford, Standard Oil
  - Software
    - Economies of scale
    - Low marginal cost
    - High adoption rate
- Common rationalisation for scientists who aren't able to capture value for their innovations
  - "Scientists shouldn't be motivated by money"
    - This is fair, but this rationalisation is dangerous
    - It means scientists are constantly working in an environment where all the value is competed away, and they're left with nothing
  - Important to understand that such rationalisation obscures the fact that X and Y are independent variables
  - People of equal intelligence doing equally great things in their specific industries can earn vastly different amounts of money
    - A lot of this has to do with the microeconomics/structure of specific industries

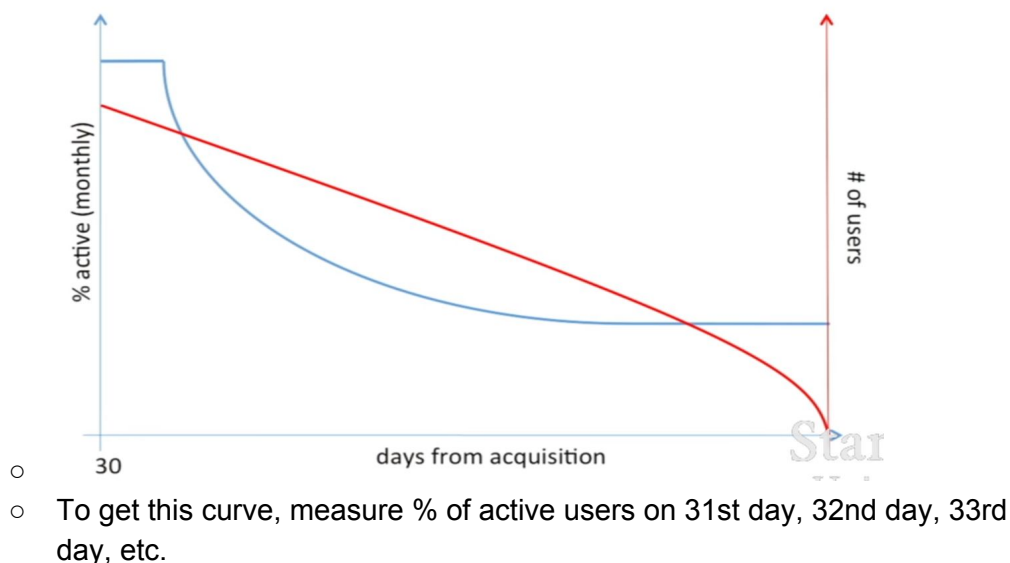
## Psychology of Competition

- We often think losers are the ones who are poor at competing
  - Consider that perhaps competition itself is off
  - We don't understand competition/monopoly dichotomy properly
  - We find ourselves very attracted to competition, a reassurance that there are other people doing this
- Competition as validation
  - We think lots of people doing something is proof of value
  - PT thinks that is often proof of insanity
  - 20,000/year move to LA to become movie stars
    - 20 make it lol
- School is one such example of senseless competition
  - Does the tournament make sense if you keep going?
  - Does the intensity of competition in grad school make sense?
  - "The battles were so ferocious because the stakes were so small" - Henry Kissinger referring to academia
    - This is also proof of insanity
  - People lose their identities in absurdly competitive environments, they lost sight of what was important
  - Competition does make you better

- But it often comes at the price of questioning what's truly important/valuable
  - Don't get caught up rushing to fit in the tiny door everyone else is trying to get through
  - Go round the corner and take the vast entrance no one noticed
- Risk is a very complicated concept
  - Taking law as a degree sounds like a low-risk path
  - But in the grand view of doing something useful with your life, law may be a pretty high-risk entryway into societal improvement

## Chapter 5: Growth (Alex Schultz, Growth @ FB)

- What matters most for growth?
  - Great product
  - Retention
- How do I measure retention best?
  - Graph of % of active users vs. days since customer acquisition



- This will give you an idea of the retention trend for your product
  - Ideally it should flatten out and stabilise at a comfortable level
- What if my retention begins to approach 0? What if it never flattens out and stabilises?
  - **DO NOT HIRE A GROWTH HACKER**
  - Head back to the drawing board, **focus on finding product-market fit**
  - No. 1 problem with new startups is that they do not have product-market fit when they think they do

## Good Retention

- What does good retention look like?
  - Let's look at some successful companies:

- Use dimensional reasoning
  - Look at the dimensions involved in a problem
    - Newtons, n/m, m/s, etc.
- FB's retention rate is easy to figure out
  - Total no. of internet users (except China) = 2 billion
  - Facebook's active user count = 1.3 billion
  - Retention rate =  $1.3/2 = 65\%$
- Whatsapp's retention
  - MAU / Total smartphone count
- Successful retention rates look different for different companies
  - Ecommerce: 20-30% is good
  - Social media: < 80% is probably bad

## Scaling

- I have great retention. How do I scale this?
  - This is where growth teams come in
    - If you're a scrappy startup, don't have a fucking growth team
    - The whole company should be the growth team
  - The metric (north star) you choose to measure is important
    - Zuckerberg chose active users over total signups
      - It's not always active users though
    - Whatsapp used messages sent over no. of users
    - Airbnb used no. of nights booked vs. major hotel chains
    - Ebay used total gross merchandise volume instead of revenue
  - Once a company/team grows beyond a certain size, it's impossible to directly instruct everyone
    - But a north star provides guidance to the fundamental end-goal
    - Affiliate programs are an example of this
      - Paying your affiliates to meet a specific, well-defined goal gets everybody on the same page, and is much more effective
      - At ebay they switched the payment requirement from registered users to ACTIVATED registered users (users who bid on something)
        - Made affiliates focus on driving users to a product instead of driving them to do the bare minimum of registration
        - For ebay users, seeing the desired product and being allowed to bid on it was **the magic moment**

## The Magic Moment

- What's the magic moment?
  - For Facebook, it was seeing your friends on the platform for the first time
    - That's why FB growth marketing is all about getting people to connect to their friends as quickly as possible

- Zuckerberg called in getting to 10 friends in 14 days
- Airbnb is about finding the the cool house you've always wanted
  - For renters, it's about getting paid for the first time
- The magic moment is one the of most important things for a startup
  - It lets you move the asymptote of the retention line higher and higher
- Optimising for power vs marginal users
  - When building a product/seeking market fit, optimise for the power user
  - When seeking growth beyond the power user, optimise for marginals

## Tactics

- Users will not beat a path to your door
  - You must work to get users
- Internationalisation is important
  - FB intl'd too late
    - FB clones everywhere in the world
    - Knocking down clones is very difficult
    - Hit a brick wall at 50 million users
    - Growth team was formed
  - Even though they were late, they took the time to build it in a scalable way
    - Wrapped all strings in the site in FPT, FB's translation engine
    - Opened community translation options for professional+community translators could work on it
    - 70/104 languages were community contributed
    - Language priority was important too
      - Started with French, Italian, German
      - But today these are the lowest no. of users
      - Luckily FPT + community allowed FB languages to scale anyway
    - Negative demonstration: Uber
      - Kicked out of many markets because expansion was too rapid, not localised enough
    -

## Virality

### PFC

- Think about virality in terms of 3 things
  - Payload
    - How many people can you hit with each blast
  - Frequency
    - How many times can you hit someone per blast
  - Conversion rate
    - % of people who came onboard
- Hotmail added a link to bottom of every email 'sent with hotmail, get free email here'



- Payload was low (1 to 1 emails sent)
  - Frequency was high (lots of email sent)
  - CR was high (great product)
- Paypal used ebay as a vehicle for viral marketing
  - Payload was low (1 to 1)
  - Frequency was low (people don't get paid that often)
  - CR was SUPER high (you got paid! That's the magic moment!)
- Frequency and conversion rate are related
  - Hitting someone with the same ad again and again lowers conversion rate

## K-factor

- $K\text{-factor} = i * (c_1 * c_2 * c_3 * \dots)$ 
  - Where  $i$  is average number of new persons invited per customer
  - $c$  is % of people who get onboarded at every step
    - E.g.,  $c_1$  is % of ppl who opened the link
    - $C_2$  is % of ppl who registered
    - $C_3$  is % of people who activated their accounts
- if  $k\text{-factor} > \text{churn}$ , more users come than users leave, and your product is going to have exponential growth
- if  $k\text{-factor} = \text{churn}$ , the virality only compensates the churn, and the number of users will be stable
- if  $k\text{-factor} < \text{churn}$ , the churn of users is not compensated by the virality and audience of the project will gradually decline
- Virality/ $k\text{-factor}$  fluctuates
  - Use paid channels (adwords, FB) to stabilise growth rate
  - Virality for big wins

## SEO

### Keywords

- What do people search for?
- How many people search for it?
- How many other companies are ranking for it?
- How valuable is it for you?
- Optimise using Google keyword planner tool

### Backlinks

- Get valuable links from high authority websites
- Distribute love within your site by internal links
- Internal site directories are great
- XML headers

## Email

- Delivery is most important, then open/click rate
- Dead for people under 25
- Instant messaging is far more powerful
- Take note what servers your email is being sent on
  - Dirty IPs will send you straight to spam
- Newsletters are stupid
  - The messages for a 3 year veteran user and a newbie are different
  - Notification emails are far more important
    - As a FB veteran, you don't want to receive emails/SMS for a new like
    - But a newbie or low engagement person would love to know about the likes they get

A violently executed okay plan today is better than a perfect one tomorrow.

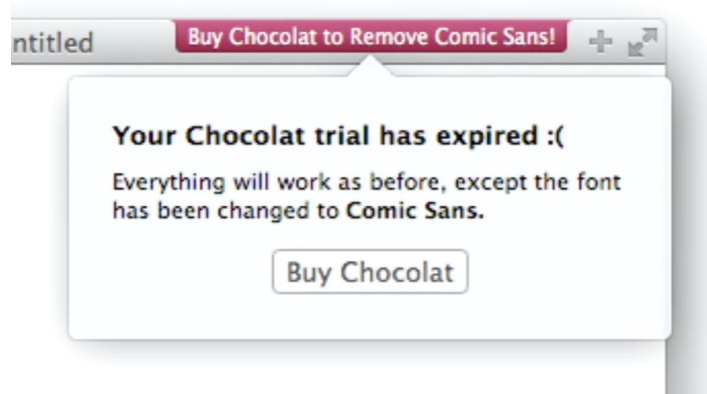
## Chapter 6: How to Build Products Users Love (Kevin Hale)

- Growth is simple
  - Conversion rate vs churn
  - The gap between the two shows how much you will grow
- The motivations to get to a billion dollars are the same as the first dollar
- Kevin built wufoo, a friendly contact form builder
  - Acquired by surveymonkey in 2013
  - Only raised about 100k USD
  - Exited at 35M USD
  - Profit: 29561% (LOL)
  - What did they do differently?
- They were fanatical about creating meaningful relationships with users
  - New users: dating, existing users: marriage
  - First impressions matter
    - First kiss, how you proposed
    - No free pass if your date picks their nose
    - But married couples shrug that sort of thing off
  - Same with companies
    - Make all your 'first moments' memorable
      - First email
      - Account creation
      - blank/starting interface
      - Login link
      - Ad link

- First customer support

## Dating (First Impressions)

- Japanese 2 marks of quality
  - Taken-for-granted quality
    - A good pen can write well
  - Enchanting quality
    - The way the pen feels, the way ink flows, etc.
    - The little details matter
    - What's the user's first emotion as they interact with this?
    - Little tweaks and quirks of the product make people fall in love



- Companies tend to have beautiful marketing and horrible user guides



- Opportunities exist even in seemingly boring avenues for product delight
  - Mailchimp switched user guide document covers to look like magazine covers
    - Readership went up, support calls went down
  - On Stripe, if you're logged in, the API example code already has your API keys filled in
  - When Wufoo wanted to launch their API, they didn't do a hackathon
    - They gave out a custom battle axe (lmao)



## Marriage (Existing Users)

- How do relationships work in the long term?
  - Short term conflicts can indicate long term durability
  - All couples fight and it's about the same things as companies

<b>Money</b>	<b>Cost / Billing</b>
<b>Kids</b>	<b>Users' Clients</b>
<b>Sex</b>	<b>Performance</b>
<b>Time</b>	<b>Roadmap</b>
<b>Others</b>	<b>Others</b>

- 
- Engineers/software devs do not often feel the consequences of what they build
  - How do we fix the feedback loop, so even the technical team is accountable for the user experience?

## Support Driven Development

- Things that screw up relationships
  - Criticism
    - The support sucks, you're not helpful at all
  - Contempt
    - Purposeful insult
  - Defensiveness
    - Trying not to take responsibility
  - Stonewalling
    - This is the worst
    - Straight up ignoring customer request
- Wufoo built empathy into their support forms with an 'Emotion' drop down field
  - This was an optional field, but was filled >75% of the time
  - Indicates that a user **feels** that their emotional state was just as important as their technical details

- An outlet for emotion allowed users to vent
  - People started being nicer - use of curse/caps/exclamations went down
- Make sure everyone does customer support
  - Responsible devs and designers give the best support
  - Once a dev hears the same problem 2-3 times, it gets fixed
- Everybody in Wufoo did customer support (sometimes with day shift rotations)
  - 500,000 users got support from 10 people
  - Support time was about 7-12 minutes during working hours
- 

## Direct Exposure

- More exposure to users produced better software
  - Sharing support duties is a great way to do this
  - Direct exposure every 2 weeks for at least 2 hours is best
- Knowledge gap is the gap between your user's knowledge level and the minimum required to use your app
  - You either educate the user well
  - Or lower the barrier of entry
    - Great help/documentation
    - Contextual help pages
    - Make the app simpler to get going with
- For Wufoo, Great UX and support meant
  - Support requests grew slowly compared to user count
  - Lower churn rate
  - New user increased
  - Team size remain small (this also means everyone gets more equity)
  - Culture maintained

## Relationships Atrophy

- Relationships need work
  - AND you need to show-off that work
  - Newsletter and blogs showing off new features are not very effective
- Wufoo introduced Alerts, which show new updates (work done) when a user logs in after a while
  - Users felt grateful because the team appeared to be working for them all the time

### Since You've Been Gone.

Updates from the Wufoo Team

**How to Arrange Form Fields to Sit Next to Each Other in Wufoo** : We are also excited to announce that we've added a few new CSS keywords to allow you to arrange four and five fields to set next to each other side by side. [Learn More](#)

**How to Customize Checkbox and Radio Inputs with Custom CSS** : Ever wish you could change the look of the checkbox and radio inputs on your Wufoo forms? Now you can with this easy to follow custom CSS tutorial! [Learn More](#)

**Get Your Embed On With The Wufoo Form Embed Kit** : The Wufoo Form Embed Kit is a tool that helps developers easily create integrations with your Wufoo forms. With just a few lines of JavaScript, your content manager or website builder can pop up a user-friendly box to easily embed forms into their app. [Learn More](#)

○

- Every Friday, Wufoo team would write handwritten thank you notes to users
  - Humanises the company
  - Retention is way better

## Chapter 7: How to Get Started, Doing Things that Don't Scale, Press (Stanley Tang @Doordash, Walker Williams @Teespring, Justin Kan @Twitch)

### How to Get Started (Stanley)

- Went from idea to website in an hour
- Started paloaltodelivery.com
- Customers streamed in 100% organically
- Only began to scale when demand began becoming crazy
- Keep asking for feedback, do the dirty work yourself for as long as possible
- Only scale when you have to

### Doing Things That Don't Scale (Walker)

- Initial user acquisition was very painful
- Getting a small non-profit to buy \$1000 worth of t-shirts was a lot of work
- Speed is more important than scalability/optimisation in the early days
  - Teespring split codebase into 2 just to accommodate some enterprise customers
  - Smashed code into duplicate just to ship features to enterprise without affecting existing users
  - Slowly integrated new core features into original codebase
- Teespring almost died recently, shrank to 30 employees
  - Victim of its own success
  - The power sellers were doing so well that they found economics of doing t-shirts themselves was better

### Press (Justin)

#### Target Audience

- Press should have a target audience and goals
  - If you don't have a clear business goal/audience, garnering press is a waste of time
    - Investors
    - Customers

- Industry

## The Story

- You need a good story
  - Types of stories:
    - Product launches
    - Fundraising
    - Milestones
    - Business overviews
    - Stunts
    - Hiring announcements
    - Contributed articles
  - Think about your story objectively - not everything you do is interesting
  - You don't always have to be original - just original enough
- Mechanics of a story
  - Think of a story
  - Get introduced
  - Set a date (4-7 days in advance)
  - Reach out (get a commitment to invest in time)
  - Pitch
  - Follow up
  - Launch your news!

## Launching

- Ask an entrepreneur who was recently featured by them for a referral
  - Give a week lead time for this
- Executing the launch
  - Write the story in bullet points
    - Memorise it
    - When you get interviewed, you will tell it like it is written
  - Follow-up
    - Thanks for meeting
    - Videos/photos
    - Here's our launch date
- PR firms are of limited use
  - They can get contacts
  - Can't produce stories for you
  - Expensive
- Getting press is a lot of work
  - Make sure it's worth it
  - Getting press doesn't mean you're successful
  - Press is not a scalable user acquisition strategy
- If you decide press is worth it
  - Keep contacts fresh
  - Regular heartbeat of news (consistency is key)

- Golden rule
  - Pay it forward. Always.
  - Karma always comes round

## Recommended Reading

- Burned out blogger's guide to PR <https://www.amazon.com/dp/B00NFAT238>
- Trust Me I'm Lying  
<https://www.amazon.com/Trust-Me-Lying-Confessions-Manipulator/dp/1591846285>

## Chapter 8: How to Raise Money (Marc Andreessen, Ron Conway, Parker Conrad)

- What do VCs look for?
  - Of all the companies receiving funding every year, only 15 generate 97% of returns
  - Strength instead of lack of weakness
    - If a startup checks all the boxes and shows no weakness, but likewise has no killer strength, they are unlikely to be in the big 15
    - If they are so good in some aspects, and have tolerable flaws in others, still worth investing
  - Have the one compelling statement for your product
    - For the investor to picture the product in their mind
    - Practise this like crazy
  - Be decisive
    - Don't procrastinate on important decisions
    - Part of building a great team
  - Communication skills and leadership are no. 1
  - Be **so good** they can't ignore you
    - Willing to tolerate flaws
    - It's worth more to make your business better than to make your pitch better
  - **YOUR REPUTATION IS YOUR BIGGEST ASSET**
    - That said, you can get a lot done with not a lot of rep
    - But positive rep will serve you well



## What Ron and SV Angel Look for in a Company

What We Look For	Founder Personal Characteristics	How to Pick Your Investors
Great team is #1 -- "chemistry with founders"	Decisiveness -- often tested in building the team	Rolodex vs. time vs. pedigree and track record
Solid idea or product is important, prerequisite	Do not procrastinate	Helping on next financing round
Company in growth sector	Be proactive	How many repeat entrepreneurs choose again
Solving practical and <i>real</i> problem	Clear vision -- entire team understands direction and mission	Backdoor references
Strong network effects and first-mover advantage	Team and team builder as CEO	Value add
Metrics matter -- know signals of consumer adoption	Passion	Business advice via pattern recognition
Early traction and working beta product	Flexibility on idea and morph constantly	Experience, mentoring
Good elevator pitch -- keep it simple	Good listeners -- strong willed but flexible	Network, syndicate
Decisiveness -- often tested in building the team	Reliability and responsiveness	Responsiveness
Exec summary is important as door opener	Move fast, sweat logistics -- devil is in the details	
IP does matter	Execution is everything -- make mistakes but learn from them	
Don't over-negotiate or dwell on terms -- get back to building a big co!	Trust your gut, make decisions	
Hire ahead of needs and do backdoor references	Over communicate with everyone -- the team, investors, customers, etc.	
Understand success rate	Hire aggressively ahead of needs	
Distribution and business development always important - sales!	Lead by example -- 24/7, no distractions	

Stanford

- Bootstrap as long as you possibly can
- Raising venture capital is the easiest thing a startup will ever do
  - If you have a difficult time raising funds, it means that the work you have to do on your startup is going to be 10x harder
    - Recruitment, product, etc.

## The Onion Theory of Risk

- A systematic approach to thinking about how cash gets deployed in risk mitigation
- A new startup has every conceivable kind of risk
  - Founding team risk
  - Product risk
  - Technical risk
  - Launch risk
  - Acceptance risk
  - Revenue risk
  - Cost of sale risk
- Raising money is a tool to peel away layers of risk
  - More money means you can pay your founding team, building product, recruit eng team, etc.
  - Those are the true milestones
  - The money itself is not a milestone
  - Be very clear what milestones you're attempting to solve with every raise, and fundraising will become much easier and targeted

## General Advice

- Don't ask someone to sign an NDA
  - Build trust between parties
- ALWAYS get things in writing
  - Do fundraising as quickly and efficiently as possible
  - But always get things on record
  - Take notes
    - When you meet and agree on verbal terms, do up an email, and ask for confirmation on what they just said to you
  - Investors have short memories and commitment
- SV Angel on seed raising
  - Invest in 1 mil to 2 mil rounds
  - 1/30 acceptance rate, about 1 new company a week
  - Team votes if company is worth bringing on for a phone call and then a physical meeting
  - Followed by background checks on company, founding team
  - Following by checks on all other investors in the round
- A16z on series A
  - Most VCs at this stage only look at 2 types of companies
    - Seed raised?
  - Best way to get the attention of series A investors is through referrals from seed investors or places like YC
- What terms should founders care most about?
  - Finding the right investors
    - YC does a good job telling who those people are
  - Picking the right threshold valuations
- How much equity should the company give away during seed?
  - 20-30% at series A
  - 10-15% at seed
  - Founders should ask at what valuation they get demotivated
- What signs should you avoid an investor
  - No domain expertise
  - No rolodex
  - Choosing an investor is like marriage under great stress and anxiety
- What constraints do investors have when bringing companies in?
  - Opportunity cost
    - Every investment made rules out conflicts
    - One investment locks out that category
    - Time and bandwidth of general partners
    - GPs could have done other deals over that time

# Chapter 9: Hiring & Culture (Airbnb, Stripe, Pinterest)

- The most important thing when maintaining company integrity for scaling
- What is company culture?
  - Every A and B of each member of the team in pursuit of our company C
    - A = assumptions, beliefs, **values**
    - B = behaviours, **actions**
    - C = goals, BHAG, **mission**
- Why does this matter?
  - First principles
  - Alignment
  - Stability
  - Trust
  - Exclusion
  - Retention
- How to establish core values
  - What values are most important to you?
  - What are the most important values for business success?
  - What do you look for in employees?
  - What could NEVER be tolerated?
  - Remember to incorporate your mission into your values
- Company values must have depth
  - Honesty, service, teamwork DON'T CUT IT.
- Elements of high performing teams



- 
- Best practices for culture
  - Incorporate your mission to your values
  - Think harder and deeper about values
  - Interview from cultural fit

- Evaluate performance on culture as well
- Make culture a daily habit

## Q&A with Airbnb

- How did you realise culture was important at Airbnb?
  - I found 2 great teammates who I admired
  - Great shared way of working and doing things
  - Mission was very clear
  - Bringing that mission to the whole company was important
  - Looked at big companies, Apple, Amazon, Nike
  - Even looked at nations
  - All had strong declarations and values to endure the test of time
- What did you learn about Culture from Zappos?
  - 3 or 5 unique values from every other person
  - Wrote down core values before hiring anyone
- Why did you take 3-5 months to hire your first engineer?
  - It was like bringing DNA to the company
  - There would be 1000 more people like him/her that would join the company in the future
  - Diversity of background, age, gender etc.
    - But no diversity of values
- On what basis did you hire
  - All about the mission
  - Not just about putting people in rooms when travelling
  - It's about bringing people together, so you can belong anywhere
  - "If you had 10 years left to live, would you join this company"
  - Looking for people that are looking for a calling
- Remaining scrappy frugal and creative
  - It's easy to lose that scrappiness once you're big
  - Reminder as part of core values to always be creative and not rest on laurels
- How did culture help you make important decisions?
  - Clarity of decision
  - Promise to only hire world-class with cultural fit was natural
  - Rocket Internet attempted to copy and destroy Airbnb with high raise and aggressive hiring
  - The logical thing was for Airbnb to buy them or risk getting destroyed by them
  - Brian felt they were mercenaries just for the money, while Airbnb were missionaries
  - Chose not to buy and maintain integrity with core values
- Culture and brand are two side of the same coin
  - Whatever happens inside the company bleeds into your external image
  - Brand is your connection between you and your customers
  - Strong culture can be a brand in and of itself
  - Apple decided that the way to sell computers wasn't to talk about bits and bytes

- It was to talk about values (Think Different Campaign)
  - We believe in these passions and values
  - If you buy our products, you believe in these too
  - Avoid being a utility
- How do you know how to communicate this early in the days?
  - Early on Airbnb pitched itself like a utility
  - Changed to 'travel like a human'
- How did you make sure the hosts enforce culture of Airbnb?
  - Anybody should be able to use Airbnb
  - Implemented the Superhost program
    - Hitting milestones and providing great service earns superhost status
    - Grants perks, better rates, visibility
  - Organised host conference on reinforcing values
- Open source community?
  - Airbnb thought it could be proprietary technology
  - But they also wanted to keep their tech open
  - Instead they made their defensibility about service
- Be loved instead of liked
  - 100 people loving you is better than 1m liking you
  - The 100 people are your own viral marketing
    - To get these 100, do things that don't scale
    - Airbnb went out manually photographing everybody's homes for a better experience

## Q&A with Stripe and Pinterest

- What are the most important pieces of culture in your companies
  - Pinterest
    - Hires
    - What do we do everyday
    - What we choose to communicate
    - What we choose celebrate
  - Stripe
    - Transparency internally
    - If everyone is aligned at a high level, and everyone has good access to info and current state of stripe, big step towards working productively
    - Culture is a resolution of a bandwidth problem
      - You can't make decisions for hundreds of employees
      - Culture allows you to spread strands into getting all employees being aligned
- What did you look for when hiring the first 10 to get culture right?
  - Pinterest
    - Who do I want to work with, and I find talented
    - It's not architecture, it's gardening

- Planting seeds and removing weeds and letting the garden grow
  - Worked hard, high integrity, low ego
  - People with quirks outside of being good engineers
  - Wanting to build something big
- Stripe
  - Biggest influence on the company
  - Their friends will tell them not to join
  - Had to find people who were undervalued
  - Biggest similarities with first 10
    - Genuine and straightforward
    - Deep into finishing things
    - Cared a great deal (offended when something was off)
  - Takes a long time to recruit people, so getting people around you excited early is important
- How do you tell someone is good?
  - Difficult to discern for categories you don't have expertise/taste in
    - Must establish what makes someone world-class
    - Ask an already world-class person what defines characteristics in that area
  - Important to be transparent about the vision, why the company is good
    - Lay out the gory details of why it'll be hard
    - Weeds out candidates
  - Work with the person as much as you can
    - Usually for a week on small project
  - Look for references
    - Important to know what this person was like to work with
- What do you do to make someone effective ASAP?
  - Pinterest
    - When small, it was about setting up their PC, getting them up to speed ASAP
    - Getting to know the person more deeply happened naturally, having spent time together in a scrappy company
    - When bigger, it's a UX exercise to onboard new people
    - What does the person see, who they meet, what they start by doing
  - Stripe
    - Get them coding/in meetings on the first day
    - Push people off the cliff on the first day
    - Give people feedback on how they're doing adapting to the culture
- How do you convince people to join you when success is not guaranteed
  - Stripe
    - People often join BECAUSE its not guaranteed
    - Appeal to them on a personal development angle
    - Startups are a great place to benchmark impact and contribution
  - Pinterest
    - No one is under the illusion that you will 100% succeed

- If they are afraid of this, they're not as intelligent as you think
- How has your user base affected your hiring strategy?
  - Pinterest
    - Ambition about the mission is most important
    - They don't need to be lifelong power users
    - If they're not currently users, it's good to bring them on so they can remove the barriers they faced
  - Stripe
    - We hired 4 Stripe users early
    - They understood the product right away

## Chapter 10: Building for the Enterprise (Aaron Levie, CEO @ Box)

- Look for underlying environmental factors that are set to change drastically
  - For Box, the price of storage was dropping significantly
- Box fell into the trap of
  - Over-serving consumers (free tier)
    - How do you monetise?
  - Under-serving businesses
    - Insufficient security
    - Enterprise capabilities

### The State of Enterprise

- Enterprise IT market size is several orders of magnitude larger than mobile apps + digital marketing/ads
  - Enterprise is less concerned with dollars and cents vs. improving performance
- Enterprise software was unsexy and slow
  - Building it slow to prevent customer breakdowns
  - Sales are slow because of long deal-making process
  - No love and care for design and UX
- Enterprise software has changed drastically
  - Cloud computing
    - AWS put together lots of servers available on demand
  - Compute power is cheap
  - Standardisation of enterprise software lets companies go after small startups and giant MNCs
  - Easy internationalisation
  - User-led instead of IT department dictated
- 2 billion mobile phones and growing
- 3 billion users online and growing
- Examples of spaces suited to new innovation
  - Multi-channel retail experiences
    - Online, mobile, physical, delivery

- Personalised healthcare
- Media creation and distribution

## How do you get started?

- Spot technology disruptions
  - Look for new enabling tech that creates a gap between **how things have been done and can be done**
  - What has a drop in price/complexity of technology allowed you to do now that didn't work 5 years ago?
  - EXAMPLE: PlanGrid realised construction industry was printing \$4b worth of blueprints, and decided to augment that with cloud and mobile
- Intentionally start small
  - Find a natural wedge - simple and small. A gap in current solutions that a customer would want a discrete solution for
  - Expand over time
  - If people call it a toy, you're onto something
  - EXAMPLE: Gusto, SaaS for payroll. Now moved into HR, benefits, etc.
- Find asymmetries
  - Do things that incumbents won't do because they are not economically/technically feasible
  - Be platform agnostic compared to incumbents who can't adapt to all competitor software
  - Monetize customers from a unique perspective that would be too expensive or too small for a big company to pursue
  - EXAMPLE: Zenefits HR software targeting benefits for small businesses. Earns money from insurance commissions
- Find almost-crazy outliers
  - Live in the future, and figure out what's missing
  - EXAMPLE: Skycatch does enterprise data collection with drones
- Listen to customers
  - But don't build what they tell you - distill their requests into what they **need**
  - EXAMPLE: Palantir takes in unclear customer data requests, distills into key valuable insights
- Be modular, not customised
  - Don't customise and be bespoke to each company
  - Difficult to maintain
  - Think about pluggable modules instead
  - EXAMPLE: Salesforce
- Focus on the user
  - Keep consumer DNA at the core of your product
  - Makes adoption easier
- Product should sell itself
  - Sales is important to navigate and close deals, but a great product is still key



# Chapter 11: How to be a Great Founder (Reid Hoffman @ LinkedIn)

- Founders are often seen as superwoman/man
  - Many skills, abilities, element of divinity
- Truth is that founders have to deal with a multiple of headaches
  - One hopes to have a few unique skills
  - Competitive edge is important

## Questions for Founders

- How do I put together a founding team?
  - Best to be on a team of 2 to 3
    - Solo is not ideal
    - Compensate for weaknesses
    - Tackle diversity of problems
- Where should I locate my startup?
  - Seek the networks that best fit your endeavour
  - Groupon wouldn't have worked in SV
    - SV people are adverse to massive sales forces
- Should I be contrarian?
  - Find something that smart people disagree with you on
  - What do I know that other people don't?
  - Critics said LinkedIn wouldn't work because of the vast amount of network effects needed to get going
  - LinkedIn knew that he could leverage different sets of interests to get people on board to try the product in a short span of time
- When should I do the work vs. delegation?
  - Sometimes one, the other, or both
- Should I be flexible or persistent?
  - When should I be either?
  - You should have an investment thesis to decide this
    - Why you think this is a good idea
    - What you think you know but other people don't
    - Are you increasing in confidence for your investment thesis?
    - If decreasing, find out what is causing the decrease, and form an immediate action plan
- Should I be confident or cautious
  - Confidence in your own ideas, but be smart enough to listen to sharp feedback, criticism, competitive entries
  - Is this changing my investment thesis?
  - How do I adapt?
- Should I focus internally or externally?
- Should I work by vision or data?

- Data only exists within the framework of a larger vision
- Measure what you need to move towards a vision
- Should I take risks or minimise risks?
  - Taking calculated risk is part of business
  - But minimising risk within that framework is one of your most important jobs
  - Aka optimising chances of success
  - Start with the thesis
    - Is every step we take increasing or decreasing confidence in the thesis?
- Should I focus on long or short term?
  - Daily/weekly todo lists have to play towards a larger path
- How do I know I'm a great founder?
  - Helps to be a great product person
  - Leadership at bringing networks and persuasion
  - Recognising macro view if you're on track
    - Paranoia vs. confidence
- There is no single skill set
  - Ability to continuously learn and adapt
  - Take in input from multiple sources
  - Creating networks around you

## Q&A with Reid Hoffman

- How did you target the early adopters that would strengthen LinkedIn
  - Our strategy won't work today
  - Too much noise today
  - Strategy today has to be standing out from the crowd
- How do you know someone's a good founder?
  - I believe in references the most
  - Insight into someone before they show up is often the best way
- The ability to say coherently what you're targeting - a focused sentence - is important
  - Level of clarity and articulation is key to being a good founder
- How did LinkedIn remain persistent throughout hard times?
  - Kept returning back to thesis of wanting professional profiles for everyone
  - No one is getting closer to it than they were
- What are the ways of being fooled into thinking a founder is good when they're actually rubbish?
  - I like to push on someone's idea, and see if they're able to remain flexible and persistent on it
    - "I stand by this idea, but i'm listening to what you're saying"
- What makes a great co-founder team, how to evaluate?
  - Collaborate really well, do they help each other get to truth?
  - Collective learning makes great teams
  - Do you have diversity of strengths across the skills that are useful
- Different founders, different areas, how do you identify them?
  - What's common across all great ounders?

- Software needs speed
  - Hardware needs accuracy
- Domain-specific founders
  - Attributes that are unique to domain
  - E.g., operational efficiency and cost control is important for commerce
  - for digital game startups like Zynga is not as important
- When should you stay when something is taking longer than it should? (When to pivot)
  - Confidence in investment thesis
    - Unmeasured or decreasing for a long time
    - Intense phase to try and increase confidence
    - Increasing fails
    - Time to pivot
  - Founders have no balance
    - Intense, lopsided focus for periods of time are necessary
- Creating markets vs. discovering them?
  - Creating a market is usually either completely worthless or a big opportunity
    - What about my investment thesis can tell me whether this is a good opportunity or not?
- How do you know you trust someone enough to be a cofounder
  - It's a risk
  - Establishing at least 20 hours of conversation and time spent together
  - What would tell me this isn't working?
    - Hash this out and converse about it

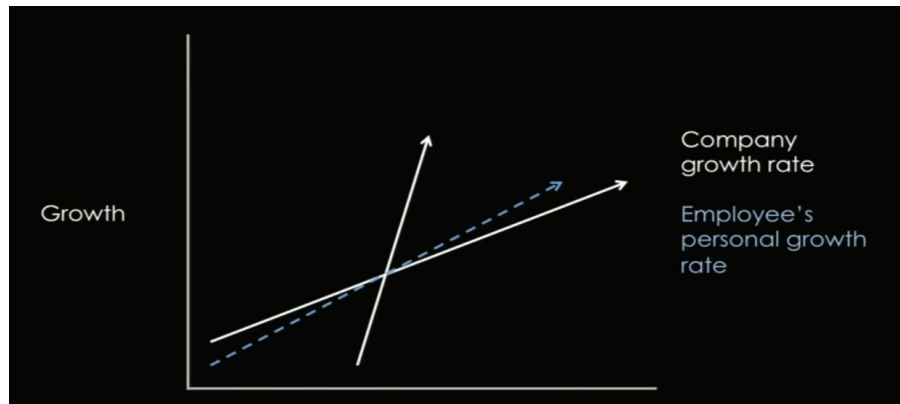
## Chapter 12: How to Operate (Keith Rabois, Khosla, Square)

- Building companies is harder than products
- Company building starts from a lovingly drawn-out plan
  - Plan when put into practice is never as clean, held together by people working 100 hours a week
  - Eventually one wants to build a high performance engine, able to operate without much oversight
  - "If martians took over ebay, no one would notice for quite a while"
- A manager's output = output<sub>organisation</sub> + output<sub>neighbouring organisation</sub>
- Triaging
  - Company begins in mess and chaos
  - If there aren't new problems and challenges everyday, it means you're not innovating or creating fast enough
  - The idea here is that you're triaging
  - Discerning colds from pneumonia, figuring out where priorities for problem solving lie
- Editing
  - Simplify and eliminate
    - The more you simplify, the better your team will perform
    - Easily understood > complexity

- GOAL: reduce amount of corrections/interjections needed to keep team on track
  - It's okay to need to make lots of corrections on a bad day
  - But this should reduce month to month, quarter to quarter as the company gets tighter
- Clarify
  - Ask a lot of question to seek clarification
  - Clarifying makes sure the problem statement is clear, everyone is on same page
  - Improves overall performance
- Allocate resources
  - Moving your resources around to favour the landscape
  - Initiatives to new resource allocation can come top down
  - But ideally they should come bottom up
  - Employees seek initiative to do new and useful things, which you then approve as an editor
- Ensure consistent voice
  - Make sure all external/internal media sounds like it was written by one person
  - Keep the tone of the company consistent
  - Apple is one of the best at this
- Delegate
  - Abdicate vs micromanagement
  - You do not do most of the work, but you are responsible for all of it
  - How to manage without abdicating?
    - Task-relevant maturity framework
    - If someone has low maturity, needs more hand-holding
    - If someone has done this a lot, monitor and set high objectives
  - A leader cannot have a **single** management style
    - Style is dictated by employee, and matters what make that employee most effective
  - How to decide when to delegate or take control?

Level of conviction	High	?	Step in. Decide. Overrule.
	Low	Delegate fully	?
		Low	High
		Consequences of Decision	

- 
- Edit the Team
  - Increasing worker count is not always the best way to increase work done
  - Barrel analogy
    - Most people (even great employees) are ammunition
    - More ammunition is great, but rate of fire is limited by number of barrels (people who channel and increase throughput)
    - Velocity of company increases when you have more barrels and stock them with ammunition
    -
- Scaling



- 
- Note employee personal growth rates vs company growth rates
- Only keep employees who can keep pace with the company
- If employees can outpace the company - good! Keep them in new roles constantly
- Insist on Focus
  - Keep employees focused on some very key roles, don't stretch them thin
- Metrics & Transparency
  - In order for you to not to have to make all the decisions, provide tools so that everybody can see and make decision for themselves
    - Build an internal dashboard that tracks metrics that are in line with company goals
    - Monitor usage of the dashboard - make sure it's intuitive, useful and empowering
  - Make sure all meeting notes and metrics are available to everyone in the company
  - Compensation should be open as well
  - Gathering information by pairing indicators: measure effect and counter effects
    - Release criteria vs ship date
    - Number of hires vs quality of hires
    - Loss rate vs false positives
- Building positive work environment + insisting every part of the company meets standards
  - Ensuring receptionist answers the phone properly
  - Serving good food
  - Working on small things - taking distractions away from employees is one of the key roles for a COO
- Effort
  - Lead by example

## Chapter 13: How to Manage (Ben Horowitz)

- When making a critical decision, you must understand how it will be interpreted from each person's point of view, and their perspective as a whole (culture)

### Demote or Fire?

- Executive is great, works hard, well-liked, but not world-class at running his function
  - CEO thinks
    - Tough to fire a great employee
    - Demotion is good cus you can keep him
    - No cultural backlash

- Exec thinks
  - Doesn't want demotion, but provides an option
  - Saves embarrassment of getting fired
  - Able to keep growing with the company
- Everyone else thinks
  - Does he keep the same equity package?
  - Is he gonna work as hard now that he reports to someone else?
  - Do I have the same respect now that he's demoted?
- The real questions here are:
  - What does it mean to fail on your job?
  - What does it mean to maintain your equity?

## Excellent Employee Asks for Raise

- CEO thinks
  - Want to retain them
  - They did great job, it's fair
  - They will like you if you give them the raise and you want to be liked
- Employee thinks
  - WOOHOO MONEY
- Everybody Else
  - Unfair that I didn't get a raise
  - I did better work, so doubly unfair
  - Maybe I should quit
- Conclusion
  - Everybody feels a responsibility to ask for a raise personally
  - Encouraging behaviour
- Right answer
  - Formal performance evaluation process
  - All the right inputs
  - Run evaluations as frequently as possible
  - No raises outside of the process

## History's Greatest Practitioner

### Toussaint L'Overture

- Born an african slave
- Wanted to end slavery, take control of Haiti, make it first class
- Soldier's perspective
  - Do we get to pillage? We enjoy pillaging
  - If they get to kill us, we should get to kill them
- Culture
  - He banned rape and pillaging in his army to protect the resultant culture
  - Toussaint wanted a first-class culture

- He believed Haitian culture was inferior to European, and slave culture the worst of all
  - Whenever he defeated a European power, he would capture and make their leaders his generals

## Dealing with Slaves and Slave Owners After Victory

- Slave perspectives
  - Free us, we fought for this
  - Kill the owners
  - Give us their land
- Toussaint perspective
  - Economy is important, and productive plantation are important
  - We're mostly slaves
  - We don't have the expertise to run sugar plantations
  - We earned that land
- Slave owner perspective
  - Our business is predicated on slave labour
  - We paid a lot of money for the slaves
  - We paid for the land
  - We have all the skill and relationships, so you have to deal business with us
- Solution
  - End slavery
  - Let the slave owners keep land
  - Require plantation owners to pay salaries to workers
  - Lower the plantation owner taxes so they can keep business going
- Result
  - Only successful slave revolution
  - Let plantation owners keep land
  - Booming economy
  - Under Toussaint, Haiti had more export income than USA
- Conclusion
  - Seek perspectives of the people not in the room
  - Think of the company
  - Think of the culture

## Chapter 14: Great User Interviews (Emmett Shear @ Twitch)

### Twitch Story

- Started with Kiko Calendar which was built without talking to any users - did not even use calendars themselves

- Then built Justin.tv which they used themselves, so they could get away with not talking to other users
- Could not figure out how to scale justin.tv beyond their narrow use case
- Pivoted to Twitch, at which point they had to learn about video game broadcasting
- Determined that broadcasters were the most important users
- Gathered feedback from existing broadcasters on Twitch.tv
  - Feedback was consistent, clear, led clear feature requests
  - People wanted small features like banlists, removal of trolls, polls
  - Emmett argues if they are willing to put up with these problems and still use the platform, these problems are not the highest priority
- Instead, gathered feedback from broadcasters on competitor platforms
  - Feedback was completely different
  - People wanted revenue sharing, better video service, stability
- Gathered feedback from non-broadcasters who want to broadcast
  - **This is the most important, as they are the people you want to bring on to expand the size of the market**
  - Feedback was different again
  - People say PCs aren't fast enough, not enough time because training, publishing strategy online was bad for competitive teams
  - Led to the team trying to make broadcasting more accessible
    - Building Twitch into Xbox, PS4,

## Conducting the Interviews

- Who you talk to is as important as the questions you ask
- Where do you go to find target users?
- Initial questionnaires should not focus on specific user flows or features
  - These are distractions
- Listen out for big blockers - is there something inherently wrong with the way people feel about it?
- Identify one key feature that puts your new product one level above the competition
- Next ask yourself - is it worth it? Is this worth building into a product?
- Validation can happen 2 ways
  - Actually build it (if you're good at code)
  - Draw out diagrams/work flow and show it to people
    - Don't fall into the trap of asking 'is this feature good or not?'
      - People will usually say its gr8
    - Can get them to pay for it up front - money where your mouth is

## Q&A

- What are the most common mistakes?
  - Don't show people your product. It's like telling them the feature to look at
  - Talk to people you need to, not the people you have access to
- How hard is it to get buy-in from the rest of the company to build something?
  - Record and show your team the interviews



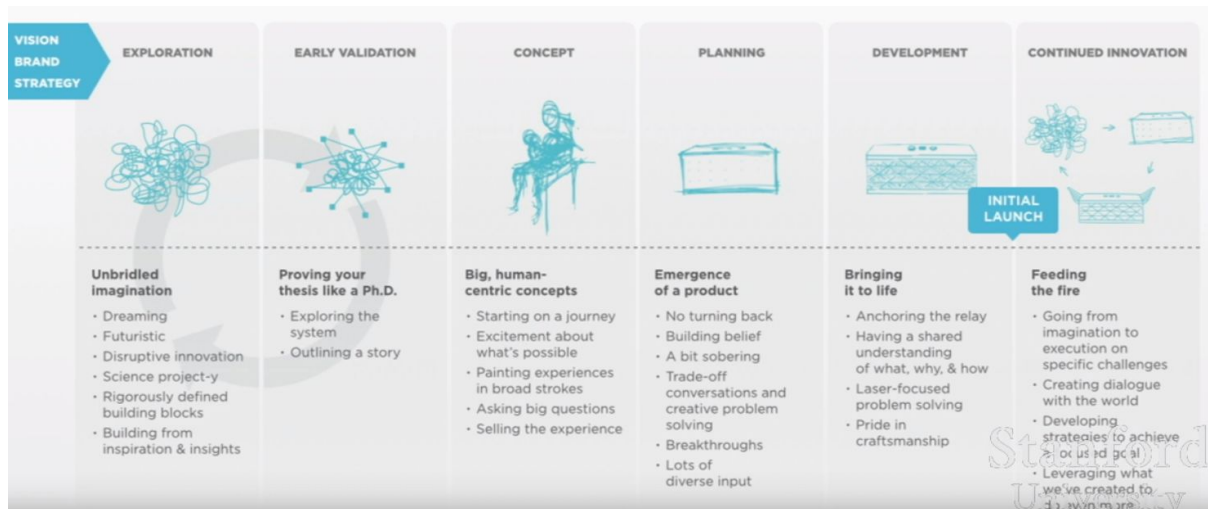
- Do you insist on Skype interviews or email?
  - Avoid email interviews, as the best parts of the an interview usually come from questions outside of the script
- What about reaching people in intl market to do interviews?
  - Twitch admittedly still works best in english speaking countries
  - Tried to solve this by hiring Korean speaking folks, translators, etc.
- What channels did you use to reach out and did you compensate?
  - On-site messaging systems
  - Events
  - No compensation
- What about on-site user feedback on the product?
  - It's great for testing a product pre-launch
  - It doesn't tell you what to build next
- What makes good user feedback?
  - Want to learn about what user is really thinking
  - Problems, get to know them as a person
  - Don't colour their opinions with your influence

## Chapter 15: How to Design Hardware Products (Hosain Rahman @ Jawbone)

- Started straight out of school
- Developed core technology, built products around that
- Started with headset that became a wearable computer
- Kick-started wireless audio space around bluetooth
- Focus should shift away from vast system of internet of things
  - Focus on the users - personal wearables
- To do this, you need to be great at the full stack
  - Hardware
  - Software
  - Services
  - Data
- All these verticals require different skills and disciplines
  - Initial merge of hardware and software created friction within the company
  - Software used to moving fast, hardware iterations slow
  - Hardware team needed to learn to move fast, software team learnt to focus on experience before shipping

## Product Development Flow

- How does Jawbone create?

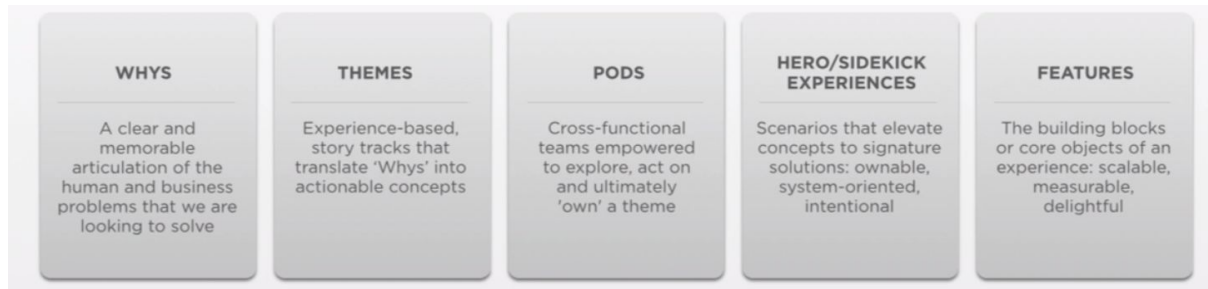


- Exploration
  - Building and tinkering
  - Demo Fridays, show and tell
  - Hackathon, using data and insights to think big
  - Unbridled imagination
  - R&D team leads this charge, but everyone is free to join in
  - Executives act as a sounding board to provide guidance
  - **REQUIREMENT TO MOVE INTO NEXT PHASE**
    - Would CTO put \$50k into this project to 'angel invest' in them?
- Early validation
  - Checking for robustness of concept
  - Meetings with development managers
  - Use scientific method
    - Feasibility
    - Data and insights
    - Hypotheses
    - "Hero experiences"
  - R&D team lead, different depts help with feasibility studies, business cases, user interviews
  - Executives prioritise emerging concepts and approve budget
  - **REQUIREMENT TO MOVE INTO NEXT PHASE**
    - Fits into our strategic vision
    - Is it technically feasible to make now
    - Business viability
- Concept
  - Defining the Whys and features
  - Use tools like
    - Storyboards
    - Interaction models
    - User research
    - Hero experience
    - Pitch videos
    - Data and insights

- Lead by product experience team
  - Supported by hardware/software engineers for feasibility and problem solving
  - Also by product management team for business use cases
- Executive team helps imagination/ideation process, determine if idea has legs
- **REQUIREMENT TO MOVE INTO NEXT PHASE**
  - Highly resolved whys
  - Clear differentiation strategy from competitors, other company products
  - Product road map
- Planning
  - Making business plan
  - Building story
  - Quarterly forecasting
  - Retail calendar
  - AOP
  - Tools used
    - Early prototypes
    - Feasibility documents
    - Functional, inspirational briefs
    - Data and insights
  - Lead by product management team
    - Supported by all other depts
    - Sales and marketing team set timeline
    - Finance team lays out capital and forecast
  - Executive team decides trade-offs and signs off on plan
  - **REQUIREMENT TO MOVE INTO NEXT PHASE**
    - Prioritised features
    - Minimum functionality bar
    - Business plan and product roadmap
- Development
  - Continuation of planning phase
  - **REQUIREMENT TO MOVE INTO NEXT PHASE**
    - Design sign-off
    - Engineering sign-off
    - CEO sign-off
- Continued innovation (post-launch)
  - How to deepen and broaden engagement
  - Continue to increase value for users
  - New ways to tell stories
  - Driven by retail calendar, sprint cycles
  - Tools used
    - Feature briefs
    - UI screenshots
    - Marcomm briefs
    - Data and insights

- Lead by product management team
- Executive team provides guidance on goals and strategies
  - Also approves only Jawbone-standard output

## The Experience Framework



- Whys
  - What is the core user problem?
  - That once we solve, users can't live without?
    - For Jawbone, the introduction of a \$199 speaker for your mobile phone was unthinkable to a regular user or focus group
    - But once released, it dominated 78% of the market
- EXAMPLE: Audio experience
  - My content isn't as mobile as it could be
    - It's all concentrated on my mobile
  - The content should be seamless across time and space
  - For Jawbone, speakers were the way to get into homes and become the hub of service and software
- Experience Continuum
  - How to flow users into a 'future world'
  - Allows thinking about feature trade-offs
    - If we can't add feature to current gen, users will be ready for it when next gen comes
  - TODAY
    - Beautiful portable speakers that seamlessly sync music content
  - TOMORROW
    - Introduce occasion-based listening experiences that reinforce portability, extensibility, social engagement through hardware, software, services
  - FUTURE
    - Full ecosystem of aware, autonomous products
    - Adapt to user's environment, habits, audio sources
- It's all about creating experiences, not just hardware

## The Whys of Up24 (Minimalist fitness tracker)

- Real-time feedback to track and achieve goals today, rather than try to do better tomorrow

- Understand my data in a more meaningful, timely way to make the value obvious
- I need guidance and structure on motivating activities to keep me going
- I want ongoing encouragement and validation
- I want a fluid/frictionless way to log activities, to never 'miss' a sleep

## Q&A

- How do you communicate or check for trade-offs across the company when you're focusing on one vertical?
  - When you start small it's easy
  - When big, you have to force communication
  - Everyone has to share their pains so you can balance priorities across different silos
  - Always refer to the original vision board of the product
  - Does the product still meet those requirements?
- If a startup wants to build an ecosystem, where to start?
  - Almost everything we build is a system
  - Even the standalone app is a system
  - Still about trade-offs between verticals to get the best product
- How to decide when to expand?
  - Some of it is planned
  - NA > Europe > Asia
  - Some of it is opportunistic
    - Great partner
    - Strong cultural fit
    - Partnership with Apple store
  - Manufacturing took place in China
    - Gradually had their own Chinese team on the ground
- Do you run Jawbone like a hardware or software company?
  - Merging both is difficult
  - We're not following any example model
    - Likely not been done in this way before
  - Trying to merge different disciplines is both fun and painful
    - Need to cherry pick the best parts of both disciplines and come up with their own model of what works

## Chapter 16: Legal and Accounting for Startups (Kirsty Nathoo, Carolynn Levy)

- Boring but necessary to know the broad picture
- Will save a lot of pain, money

## Formation

- Keep it simple

- Form a separate legal entity to prevent personal liability
- Delaware is the best place to form corporations
  - Standardised, clear, familiar
- How do you set that up?
  - Fax paperwork to Delaware
  - Sets up a shell company
  - Everybody must have titles for CEO, president, secretary, etc.
  - Be clear about the split between you and company as separate identities
- Can use law firms and online services
  - YC uses **Clerky** to incorporate
- **Keep signed documents in a safe place**
  - If big funding round, acquisition, THIS IS SUPER IMPORTANT

## Equity Allocation

- How to divide the pie?
  - Ideas alone are worth nothing
  - Execution is worth most of all
  - Should probably be split equal among co founders
    - Disproportionate split is a red flag
    - Are founders not revealing any bad blood/ill feelings?
    - Honesty about expectations for the future
  - Look forward, not backwards
    - Is everyone in it for the long haul?
    - Everyone should be in it 100%
    - Doesn't matter about who did code, education, idea, etc.
    - If moving forward, everyone is 100% committed, an even split is natural
- Even as a founder, you must attain your shares from the company (a separate entity) through a **stock purchase agreement**
  - Two-way transaction
  - Usually in the form of cash/stock payments over time in exchange for IP, code, inventions that the company now owns
  - This stock is referred to as being restricted
    - It vests over time
- Restricted stock involves a VERY VERY important document
  - **83b election** affects individual and company taxes
  - Not doing this document properly can blow up deals
  - Keep **proof-of-submission** or investors may walk away if the paperwork disappears

## Vesting

- Earning the personal ownership of the shares over time
  - If you leave before the vesting period is over, the company will get unvested shares back

- What should a typical vesting period be?
  - Standard in SV is 4 years with a 1 year cliff
  - After 1 year, the founder owns 25% of his shares
  - The remainder vest monthly over the next 3 years
- What happens when a founder leaves before vesting period is over?
  - If founder leaves before a year, they get nothing
  - If they leave after a year, company repurchases the remaining 75% at whatever share price the founder paid for it
- Why would you have vesting?
  - Keeps founders committed to the company
- Should solo founders have vesting?
  - Yes, skin in the game still applies
  - If an investor is brought in, they will also have vesting
  - Not fair that the founder has no vesting then
- Vesting sets the tone for the company - everyone is in this for the long haul

## Fundraising

- Two ways to raise money
  - Priced or non-priced rounds
- Seed round = price not set
- Series X round = price set
- **Non-priced** rounds is the fastest way to get done
  - Conducting through convertible notes or safes
  - Basically a smart contract which dictates the amount of shares an investor receives at the end of a **priced** round
  - Basically this investor is not yet a shareholder, and will have fundamentally different rights
- Investors at such an early round want something in return
  - That's where the **valuation cap** comes in
  - For a seed round, an investor might come in at \$100,000 at a 5 mil cap = 2% of the company
  - At a later priced round, where the valuation of the company is set at 20 mil, original investor gets  $20/5 = 4$  times as many shares as a new investor at that round
- Can use Clerky again for fundraising docs
- Future dilution is something that founders must think about before giving away shares willy nilly
- Investors must be sophisticated
  - Must have enough money to invest
  - They must understand that startups is a risky investment
  - "Accredited investors"
  - Investors who want money back later is a problem

## Investor Terminology

- Board seat
  - Sometimes investors will ask for a seat on the board
  - Most of the time you want to say no
  - Be very sure the investor is someone who brings a lot of value to the table
  - If someone can help with strategy and direction for real, that's priceless
- Advisors
  - So many people want to give advice, but few give good stuff
  - All investors should be advisors by default, with no additional returns
  - If they're already invested in the company, they should want it to do well
  - Asking for more shares/money is a red flag
- Pro rata rights
  - The right to maintain your % ownership by buying more shares in the company in the future
  - Allows one to prevent dilution on their own shares in the company
  - A common request from investors, not necessarily a bad thing
  - As a founder, you MUST know how this works
  - Key insight: for an investor to maintain pro-rata right, it means the founders likely have to suffer more dilution
- Information rights
  - Investors want rights to know information about your company
  - Periodic updates to investors is a good thing
  - Avenue to ask for help from investors on hiring, advice, etc.
  - But be careful when investors demand things like monthly budget reports, weekly updates, not okay

## Expenses

- Business expenses
  - Cost of carrying out business
    - Hosting
    - Rent
    - Salaries
  - Important for logging on company tax returns
    - Reduces tax that company pays
  - Non-business expenses incurred by the company actually increase the taxes the company has to pay
- Investors gave a lot of money, and they want to see that money make the co succeed
  - Make sure what you spend on business expenses are indeed for the business
  - Difficult to separate this in the early stages, when your office is your house, etc.
- Bookkeeping is important
  - Keep all your receipts
  - When you eventually engage a bookkeeper, all these receipts are important



## Wages and Firing

- Founder Employment
  - Founders are employees of the company and must be paid wages
  - Minimum wage is advised
- Companies must pay payroll taxes
  - Setting up payroll service is worth spending money on
  - Companies have blew up by avoiding payroll taxes
- Founder Breakups
  - Paying all founders is important
  - If one founder leaves, he/she may use a lack of wages as leverage to get more money for leaving
  - This is typically in the form of vesting acceleration
  - AVOID THIS AT ALL COSTS

## Hiring Employees

- Is the new hire an employee or contractor?
  - Both sign documents that assign IP they create to the company
  - Contractors set their own hours
    - Given a clear project and end result
    - Use their own equipment
    - No say in day-to-day dealings
    - Taxes are the responsibility of the individual
    - Company will give 1099 document to the contractor which they will use for personal tax returns
  - Employee
    - Companies responsible for taxes
    - Receives a W2 form for personal tax returns
    - Need to be paid minimum wage
    - Workers Compensation Insurance is important to prevent fines
    - Proof of work in the USA
- You must use a payroll service provider to handle complex payroll for you
  - Zenpayroll is one good service

## Firing Employees

- Firing is hard
  - Requires a founder to do what is right, not what is easy
- Fire fast
  - Do not put off the difficult conversation
  - Don't let the bad employee linger
  - May make good employees quit
- Communicate effectively
  - Make clear direct statements

- Don't make excuses
  - Don't apologise
  - Face to face with a third party present
- Pay all wages and accrue vacation
- Cut-off access to digital systems ASAP
- Repurchase unvested stock

## Biggest Takeaways

- Keep it simple, organised
- Be fair and forward-looking about equity ownership. VEST
- Stock doesn't buy itself
- Be savvy about financing documents
- Founders must get paid
- Employees must sign docs to assign IP to company
- Fire quickly and professionally
- Know your key metrics
  - Cash position, burn rate, runway
- Follow the rules and take it seriously

## Q&A

- How to search for accountant and when?
  - Bookkeeper vs. CPA/accountant
    - Bookkeepers handle receipts and expenses
    - CPA handles ANNUAL tax returns
  - Probably okay for founders in the early days to do this themselves
  - But best to engage a service like indinero to handle this
    - Not worth a founder's time to figure this shit out
  - Look for CPA/bookkeeper/lawyers via reference
    - Make sure they specialise in startups
- What about fees and legal council?
  - Incorporation can be done for cheap online, without a lawyer
  - Use Clerky to handle most standardised fundraising/incorporation things
- What about crypto & equity?
  - Banks will struggle to deal with this
  - No general advice, it's product specific

## Chapter 17: Sales and Marketing; How to Talk to Investors (Tyler Bosmeny @ Clever, YC Partners)

- People think about building a great product first, and then hiring the sales people after
- Truth is that the salesperson is YOU
  - Build or sell - nothing else matters

- Pick a founder to own this completely
- Founder passion trumps sales experience

## The Sales Funnel

### Prospecting

- Who will even take your call?
  - Find the innovators (<2.5%)
  - It's a game of probabilities
  - Reach out to >100 companies
  - Top 3 methods
    - Network
    - Conferences
      - Small, niche places
      - Set up meetings beforehand
      - Email all attendees
    - Cold emails
      - Simple, straight to the point
      - Who are you
      - What are you doing
      - Why should I be interested
      - CTA

---

John - my name is Tyler and I'm the CEO of Clever. My company has developed new technology that reduces the time spent doing SIS integrations by 80%.

I figured this might be of interest to you given the new middle school reading software Scholastic just released.

I'd love to get your feedback even if you're not in the market for this right now. Do you have 20 minutes this week? It looks like I'm open Tuesday at 1 or 2pm ET if either may work.

■ Tyler

### Conversations

- Now that you're on the phone:
  - TALK LESS
  - Let the customer speak (70%)
  - Ask good questions to understand their problem?
    - Why did you agree to take my call?
    - How do you currently solve this problem?
    - What would your ideal solution look like?
- Follow-up religiously
  - Even with perfect customers, there will be many no-replies
  - Especially with high-profile busy customers
  - Drive things to closure in an inhuman, unreasonable way

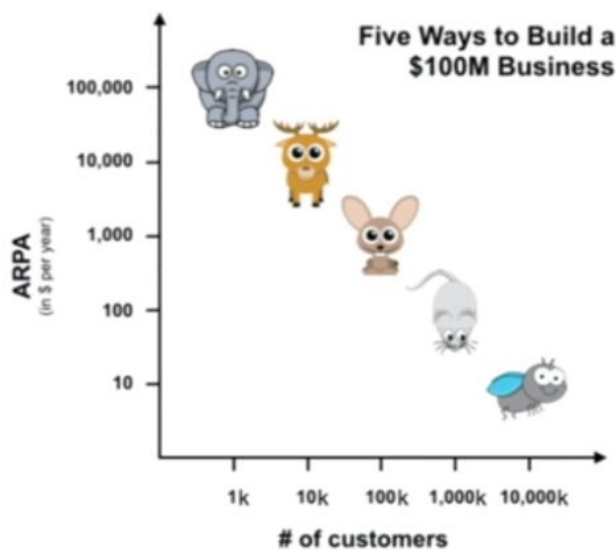
- Get people to a yes or no as quickly as you can

## Closing

- YC has standard agreement templates
- Remember your goals
  - Get customers
  - Get validation
  - Get revenue
- Common traps
  - Redlining
    - Don't quibble over minor points
    - Keep your ego out of the way
  - 1 more feature
    - Sometimes customers will say, 'I'd use your product, but it's missing one feature'
    - First reaction is to promise to build that feature for them
    - But the reality is that companies will rarely follow up on that promise
    - Avoid building one thing for one customer
    - Either:
      - Sign a conditional agreement in writing
      - Or wait to hear more demand from more customers (if this is really worth building)
  - Free trials
    - This is a reasonable request, BUT
    - Early on, you need revenue, commitment and validation
    - People will usually flake out
    - Offer an annual contract with a cancellation period after delivery

## Revenue

- 5 ways to build a big business



◦

- Flea/mice/rabbits rely on marketing
- Deer rely on inside sales
- Elephants rely on field sales
- Price your product carefully to fall into the category that you want
  - If you're a rabbit and charge 1000/year, flying out to see that customer for demos, setup, presentations will NOT BE WORTH IT
- [tyler@clever.com](mailto:tyler@clever.com)

## Talking to Investors

- The best way to make your pitch better is to make your company better

## Before Meeting

- How to pitch?
  - 30 second pitch
    - What does your company do?
      - Assume audience knows nothing
      - One sentence mom test, simple language
    - How big is the market?
      - Do some research, not difficult to get
    - How much traction do you have?
      - 'We launched in Jan, growing 30% month on month'
      - If no customers, convince investor that you're working quickly
      - 'Started work in Jan, beta in March, launch by next month'
  - 2 minute pitch
    - 30s pitch
    - Unique insight
      - Opportunity to tell audience something they didn't know
      - Something the big players don't understand
      - Aha moment! Watch for this expression
      - Crystallise to 2 sentences
    - How you make money
      - Business model
      - One sentence long, make sure it's clear and stand by it
    - Team
      - If someone has done something impressive, call that out
      - Don't ramble on awards, phds, whatever
      - Focus on how many founders, how many technical, how many business, how long have you known each other
      - Everyone working full-time
      - How you met
    - ASK FOR MONEY
      - Convertible note? Safe? What's the cap?
      - How much are you asking for?
      - Minimum check size

- When to fundraise?
  - Investors like traction
  - Unfortunately, you will be in a situation where you won't have much traction
    - Since you're the one asking for money, they are strong, you are weak
    - How do you flip the equation?
    - You want a situation where investors WANT to give you money
      - You are strong, they are weak
      - Good time to start fundraising
  - To create a situation where people want to fund you, you need to:
  - Spread the word
    - Press
    - Friends
  - Plan such that you don't need much funds to grow
    - 95% of startups can bring product to market with very little money
    - Take the mindset of, "we're all on this train that's leaving the station. If you wanna invest, great. If not, we have other options"
  - Always be able to show you have a committed team that's working fast
- How to setup investor meetings
  - Warm intros are best
    - Previous founders
    - Referrals from other investors are so-so
  - Think in parallel
    - Fundraising is a sprint
    - Line up all your meetings in a single week
    - "Hey we're in build mode for the next 2 weeks. Can we do a meeting 3 weeks from now?"
      - Gives you buffer time to line everyone up then
      - Hints that you're not desperate - we're busy
  - Fundraising should be something one person takes charge of
    - Don't distract the whole company

## During Meeting

- Bad Example
  - Make sure the listener understands what you're talking about
  - Know your numbers
  - Tell your market-size through a bottom-up analysis - don't just name drop big companies
  - Understand something that is counter-intuitive
  - Team should be uniquely suited to this business
  - Drive the conversation to a conclusion
- Good Example
  - Capture interest, told an interesting story, engage with listener
  - Demonstrate insights and command of the market with passion, not intellectual dismissiveness
  - Collaborative meeting - not a 1-1 interview

- Asked for money with details and such
- Drove to a close
  - We're closing the round, these are our other backers, etc.

## After Meeting

- Follow up!
  - Anything other than check is a no
- Work on creating demand (supply/demand)
  - Say that there are other people in the round
  - "Mike is willing to fill up the round, but we want to bring you on"
- Do diligence on the investors
  - Be very careful who you're selling to
- Know when to stop fundraising
  - Don't get addicted to it
- Build your company properly (fundraising is not the goal)

## Chapter 18: Later-Stage Advice (Sam Altman)

- Catered for months 12-24
- After product-market fit
- Waste of time until you have something working

## Management

- Establish structure
  - Needed at about 25 employees
  - Every employee should have a manager, every manager should know their reports
  - Know how to change structure, add new people
- Management structure
  - Avoid fancy new management structures
  - Keep it lightweight and straightforward
- Shifting from building a GREAT PRODUCT to GREAT COMPANY
- Failure cases
  - Being afraid to hire senior people is a big mistake
    - They bring experience and insight
    - Don't hire too early
  - Hero Mode
    - Extreme leading by example is unsustainable
    - Don't stay in this until you burnout
  - Bad Delegation
    - Not giving enough responsibility
    - WRONG: "Here's this big thing. Research and get back to me. I'll decide, then you go and implement it"

- CORRECT: “You’re really smart, and I trust you. There’s this thing we need to do, and you can make the decision on whether to do this or not. Let me know what you decide”
  - Not developing a personal tracking and productivity system
    - Keep track of what everybody is doing in as systematic way
- Codify **how** you do things and **why** you do things
  - Cultural values and strategy
  - Put it down in a wiki
  - If you don’t do this, other people will get their own impressions from unverified sources

## HR

- Once set-up, can speed you up
  - Have clear structure
    - Clear path
    - How can I advance my careers
  - Performance feedback loop
    - Speed and frequency
    - Simple
    - Make it clear how feedback loops tie to compensation and penalising
  - Compensation tied to performance
  - Equity - be generous
    - Investors will give bad advice
    - Distribute 3-5% per year
    - According to YC data, the best companies give out to employees well
- Stock and Vesting
  - Refresher grants
    - Don’t wait for people to just wait around to let their stock vest
    - Be ahead of the curve, offer them refreshed vest plans
  - New structures
    - 6 years
    - Pyramid vesting
    - Continuous forward vesting
  - Use a good option management system
- 50 employee requirements
  - Sexual harassment policy
  - Diversity training
- Monitor for burnout
  - You don’t want people to work in product mode all the time
  - You want them to take vacations and try new things
- Hiring process
  - Full-time recruiters
    - Don’t bring on too early, bring on when you need high volume
  - Internal announcements



- Send new incoming offers to the whole company (up till a reasonable size)
  - Oftentimes people will know the incoming person, and can call out if a bad hire
- Ramp-up new hires
  - What does the first week look like?
  - Buddy system?
- Diversity on the team
  - Start this early
  - Don't let your first 20 be all dudes, or you institute a culture which is difficult to fix
- Growth of early employees
  - Scenario where an early employee wants a role, but she just doesn't suit it. Company has evolved past an early employee. How do you deal with them?
  - Be proactive about it, think ahead when company is still small
  - Talk to them, find out what they want, chart out a clear path for them
- 

## Company Productivity

- Alignment
  - No. 1 reason companies drop in productivity is when not everyone is on same page
  - Or worse, work against each other
  - More than half the battle
- Clear roadmap and goals
  - Everyone knows the roadmap for next 3-6 months
  - All employees can say the same top 3 goals
- Figure out values early
- Be run by product, not process
  - Some process/framework is necessary for product dev, but don't let it be the main driver
  - Ship everyday
    - Continued focus on delivery
- Have transparency and rhythm in communication
  - Weekly management meetings
  - All-hands meetings
  - Quarterly/annual planning
  - Offsites