

Sequoia's Michael Moritz: Look out for "the Unexpected"

Michael Moritz

5-6 minutes

Sequoia's Michael Moritz offered his investing insights to an audience of Stanford GSB students at a recent View from the Top event. | Stacy Geiken

As one of Silicon Valley's top venture capitalists, Sequoia Capital's Sir Michael Moritz has helped launch some of the globe's most significant tech companies of the past 30 years. He's done it by continually educating himself, despite no formal technical training.

"I wish I understood more about the details of technology and engineering and all the rest of it," he says. "But you can't be an expert in everything."

Named the no. 1 venture capitalist on *Forbes'* "Midas List" in 2006 and 2007, [Moritz](#) also earned a place on the 2007 *Time* "100" list of most influential people. Educated at Oxford, the Welsh native immigrated to the U.S. in 1976, earned an MBA from the Wharton School of the University of Pennsylvania, and went on to work as bureau chief for *Time* magazine in San Francisco, where he covered technology in Silicon Valley. He's the author of books, including *The Little Kingdom*, an early biography of Steve Jobs and Apple, and founded Technologic Partners before joining Sequoia in 1986, where he was instrumental in the development of companies including Google, Yahoo, YouTube, and PayPal.

At a [View From The Top](#) event in late January, the venture capitalist, journalist, author, and philanthropist discussed how he identifies promising companies, the challenge of promoting diversity in the tech ecosystem, and how a history major became one of technology's most successful investors.

You Don't Need to Be an Expert to Recognize Potential

No matter how technically trained you are, the wide-ranging nature of the investment business in Silicon Valley makes it impossible to have expertise across the board, says Moritz, who admits to having known nothing about Silicon Valley when he first arrived in California. More important than a formal technical education is the ability to effectively learn and process new information and ideas.

"It's much like being a journalist," says Moritz. "To be able to start on an endeavor where you know nothing; where you gather a lot of materials and facts, distill those facts, and then form a cogent opinion and make a decision. It doesn't matter whether or not you have a technical degree. But the ability to be a storyteller and a clear communicator — I think those are really very, very helpful pursuits."

The Best Investments Are Hard to Pigeonhole

Today's hot industries may be data science, machine learning, and artificial intelligence, but Moritz watches for investment opportunities where the ideas "don't fit in a convenient bucket," such as Airbnb and Chinese drone company DJI.

"With Airbnb, what bucket would you have put three couch surfers in in 2008?" asks Moritz. "And DJI, nobody imagined at the time we invested that it would do \$2 billion in sales last year. It seemed like a little consumer toy at the beginning, but it is now becoming a company of substance as it expands into industrial applications. That's the thing to look out for — the unexpected."

Play the Long Game

Moritz takes an extended view when it comes to both investment and the search for young talent. His relationships with companies including Google, Airbnb, and Stripe have spanned 10 to 20 years.

“These are very, very long journeys that we’re on,” he says. “It takes time and patience and spectacular people and a massive market opportunity to build the real companies that matter and have an influence and great impact on society.”

That same patience goes into locating and nurturing young, high-potential individuals at Sequoia.

“Assuming people like that flourish, you have incredible loyalty, and they’ll stay with you forever,” says Moritz. “It’s worked spectacularly for us; we have people like [Roelof Botha](#), who’s a graduate of the GSB. He went to PayPal, and after PayPal, he joined Sequoia, and that was probably 17 or 18 years ago. He’s just spectacular, and he’s just one example.”

Venture Industry Diversity Isn’t Here Yet

The venture industry is responsible for identifying burgeoning talent wherever it’s found but remains representative of social trends, Moritz told students at the event. While Sequoia Capital has funded different initiatives to help boost the number of women in technology, the rate at which diversity will increase in both the technology ecosystem and the venture industry is dependent on the number of women and minority students entering those fields of study.

“There’s only so much we can do,” Moritz says. “We can change only as fast as the rest of society will change. It’s imperative for the high schools and for the universities of America to change before we’ll see the real acceleration in technology, which I’ve got to say is a lot better today than it was 10 or 15 years ago. There’s tons of work for all of us to do.”

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