Appendix D. Think Like a VC for Your Career

By Noah Gift

A critical consideration in building a career in machine learning is to think like a VC (venture capitalist). What does a VC do differently than an employee? One thing they do is design for failure by investing in a series of companies. So why not do the same thing for your career? Suppose you think about a multi-company strategy from the beginning. In that case, you can always focus on the long-term process of getting more skills, building side projects and portfolios of work, as well as income outside of just your job.

Further, an understanding of revenue and expenses allows you to build autonomy—autonomy to, let's say, drop what you are doing for the summer and dive deep into the next big MLOps technology. Let's dive into how to think about revenue and expenses.

Pear Revenue Strategy

We live in a new era, where it is possible to start a business with a laptop and an internet connection. As a long-time consultant and entrepreneur, I have developed a framework that works for me. When evaluating who to work with and what project to work on, I think of PPEAR or "pear":

- *P (Passive)*
- *P (Positive)*
- *E (Exponential)*
- *A (Autonomy)*
- *R (Rule of 25%)*

Here is how you can use this framework "side gigs."

Passive

Many people hop from job to job focusing on a higher salary, but salaries are fixed: no matter how great the work you produce is, you still get paid the same. Passive income is a form of investing in exponential results. Every tech worker should have a mixture of salary and some investment in an asset that can deliver exponential results. Ideally this result is directly tied to your work:

- Does this action lead to passive income: books, products, investments?
- Do you own the customer? Ideally, you focus on holding the customer.
- What is the royalty relationship?

> *Predator (20% or lower)*
>
> There should be a very compelling reason to work with a predator. Perhaps they get you exposure, or they take a chance on you. The downsides of predators are they often have a bureaucratic process. How many layers of people do you have to interact with to get anything done? How long does it take to get something done? It could be 10–100 times longer than working by yourself.
>
> *Partner (50% or higher)*
>
> There is a lot to like about an equal partnership. The partner has "skin in the game" in terms of money and their time.
>
> *Platform (80% or Higher)*
>
> There are pros and cons to using a platform. The advantages of a platform are that you can retain most of the revenue if you are self-sufficient. The disadvantages are that you may not have a benchmark yet. You may not have a framework for what "good" is. You may want to work with a predator and see how they do things before going right to the platform.

Positive

When working on a project or working with a partner, it must be a positive experience. Even getting paid very well eventually gets old if the environment is toxic. Some questions to ask are:

- Am I happy every day?
- Do I respect the people I work with each day?
- Are the people I am working with high achievers with a track record of success?
- Does my health increase or maintain in sleep, fitness, and nutrition?
- Since you are the average of the five people you spend the most amount of time with, how can you be around positive people?

Exponential

Another important question on a project or working with a partner is exponential potential. Perhaps you have decided to work with a predator partner because of the exponential potential of the project. On the other hand, if you are working with a predator, but the project doesn't have exponential potential, then perhaps it isn't a good project.

Does this project or partnership lead to an exponential reaction in revenue, users, traffic, press, or prestige?

Autonomy

Another important question on a project or working with a partner is autonomy. If you are good at what you do, you need freedom. You know what good is; your partner may not. How much independence do you

have? Are you able to ultimately bet on yourself, or is success in the hands of other people?

Some example questions include:

- Does this action increase autonomy or create a dependency?
- Do I learn and grow—a new skill, new prestige, or brand affiliation?
- Is it automatable or manual? Avoid tasks that cannot automate.

Rule of 25%

What color is the money you make? Figure D-1 shows three ways to consider income: employee, consultant, or investor.

Being an employee may be valuable to you because you learn skills and build a network. Keep in mind that this is "red" money, though. This red money can disappear at any time. You are not in control.
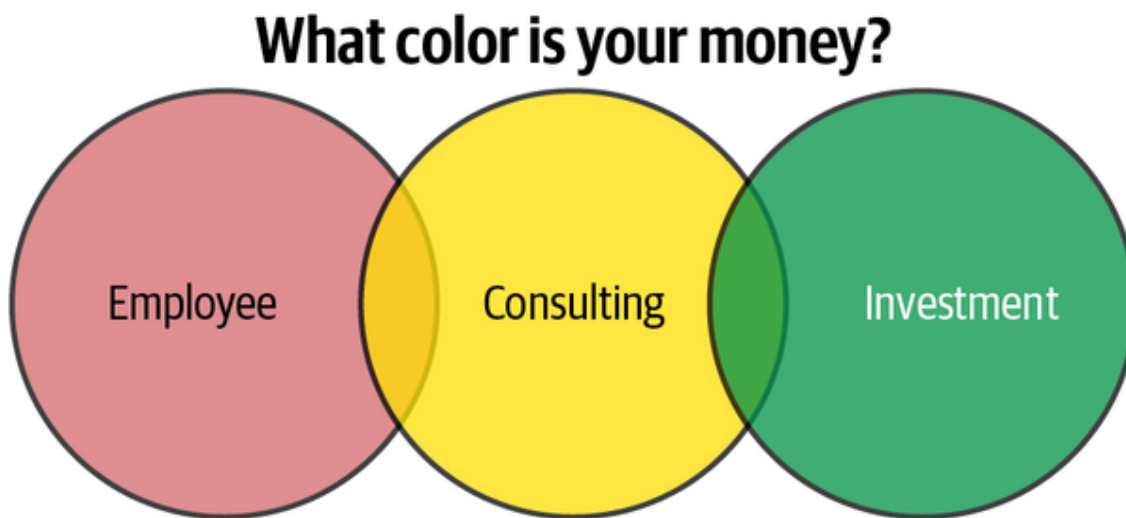
What color is your money?

Employee   Consulting   Investment

Figure D-1. What color is your money?

Consulting is "yellow" money. It is a massive step in the right direction. You can do some consulting while you work as an employee. This action takes away some of the risks of being an employee. As a consultant, though, you have to be careful never to have one client that is more than 25% of your total income and ideally not more than 25% of your consulting income. Familiarity breeds contempt. The best relationships are when people are on their best behavior and know the link is only there to solve a problem.

Investments like real estate, index funds, and digital products are "green money." This income stream will always pay you. The ideal scenario is to make 80% of your income with green money and limit consulting or employment to 20% of your income.

Notes

The following notes and resources were helpful in building out this appendix:

- Warren Buffet has a famous quote on this subject. He said, "If you don't find a way to make money while you sleep, you will work until you die."
- There was good related advice in the article, "1,000 True Fans? Try 100".
- Finally, thanks to the feedback and inspirational ideas from Andrew Hargadon and Dickson Louie.

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