How Not to Die

August 2007(This is a talk I gave at the last   
Y Combinator dinner of the summer.   
Usually we don't have a speaker at the last dinner; it's more of  
a party. But it seemed worth spoiling the atmosphere if I could  
save some of the startups from  
preventable deaths. So at the last minute I cooked up this rather  
grim talk. I didn't mean this as an essay; I wrote it down  
because I only had two hours before dinner and think fastest while  
writing.)  
A couple days ago I told a reporter that we expected about a third  
of the companies we funded to succeed. Actually I was being  
conservative. I'm hoping it might be as much as a half. Wouldn't  
it be amazing if we could achieve a 50% success rate?Another way of saying that is that half of you are going to die. Phrased  
that way, it doesn't sound good at all. In fact, it's kind of weird  
when you think about it, because our definition of success is that  
the founders get rich. If half the startups we fund succeed, then  
half of you are going to get rich and the other half are going to  
get nothing.If you can just avoid dying, you get rich. That sounds like a joke,  
but it's actually a pretty good description of what happens in a  
typical startup. It certainly describes what happened in Viaweb.  
We avoided dying till we got rich.It was really close, too. When we were visiting Yahoo to talk about  
being acquired, we had to interrupt everything and borrow one of  
their conference rooms to talk down an investor who was about to  
back out of a new funding round we needed to stay alive. So even  
in the middle of getting rich we were fighting off the grim reaper.You may have heard that quote about luck consisting of opportunity  
meeting preparation. You've now done the preparation. The work  
you've done so far has, in effect, put you in a position to get  
lucky: you can now get rich by not letting your company die. That's  
more than most people have. So let's talk about how not to die.We've done this five times now, and we've seen a bunch of startups  
die. About 10 of them so far. We don't know exactly what happens  
when they die, because they generally don't die loudly and heroically.  
Mostly they crawl off somewhere and die.For us the main indication of impending doom is when we don't hear  
from you. When we haven't heard from, or about, a startup for a  
couple months, that's a bad sign. If we send them an email asking  
what's up, and they don't reply, that's a really bad sign. So far  
that is a 100% accurate predictor of death.Whereas if a startup regularly does new deals and releases and  
either sends us mail or shows up at YC events, they're probably  
going to live.I realize this will sound naive, but maybe the linkage works in  
both directions. Maybe if you can arrange that we keep hearing  
from you, you won't die.That may not be so naive as it sounds. You've probably noticed  
that having dinners every Tuesday with us and the other founders  
causes you to get more done than you would otherwise, because every  
dinner is a mini Demo Day. Every dinner is a kind of a deadline.  
So the mere constraint of staying in regular contact with us will  
push you to make things happen, because otherwise you'll be embarrassed  
to tell us that you haven't done anything new since the last time  
we talked.If this works, it would be an amazing hack. It would be pretty  
cool if merely by staying in regular contact with us you could get  
rich. It sounds crazy, but there's a good chance that would work.A variant is to stay in touch with other YC-funded startups. There  
is now a whole neighborhood of them in San Francisco. If you move  
there, the peer pressure that made you work harder all summer will  
continue to operate.When startups die, the official cause of death is always either  
running out of money or a critical founder bailing. Often the two  
occur simultaneously. But I think the underlying cause is usually  
that they've become demoralized. You rarely hear of a startup  
that's working around the clock doing deals and pumping out new  
features, and dies because they can't pay their bills and their ISP  
unplugs their server.Startups rarely die in mid keystroke. So keep typing!If so many startups get demoralized and fail when merely by hanging  
on they could get rich, you have to assume that running a startup  
can be demoralizing. That is certainly true. I've been there, and  
that's why I've never done another startup. The low points in a  
startup are just unbelievably low. I bet even Google had moments  
where things seemed hopeless.Knowing that should help. If you know it's going to feel terrible  
sometimes, then when it feels terrible you won't think "ouch, this  
feels terrible, I give up." It feels that way for everyone. And  
if you just hang on, things will probably get better. The metaphor  
people use to describe the way a startup feels is at least a roller  
coaster and not drowning. You don't just sink and sink; there are  
ups after the downs.Another feeling that seems alarming but is in fact normal in a  
startup is the feeling that what you're doing isn't working. The  
reason you can expect to feel this is that what you do probably  
won't work. Startups almost never get it right the first time.  
Much more commonly you launch something, and no one cares. Don't  
assume when this happens that you've failed. That's normal for  
startups. But don't sit around doing nothing. Iterate.I like Paul Buchheit's suggestion of trying to make something that  
at least someone really loves. As long as you've made something  
that a few users are ecstatic about, you're on the right track. It  
will be good for your morale to have even a handful of users who  
really love you, and startups run on morale. But also it  
will tell you what to focus on. What is it about you that they  
love? Can you do more of that? Where can you find more people who  
love that sort of thing? As long as you have some core of users  
who love you, all you have to do is expand it. It may take a while,  
but as long as you keep plugging away, you'll win in the end. Both  
Blogger and Delicious did that. Both took years to succeed. But  
both began with a core of fanatically devoted users, and all Evan  
and Joshua had to do was grow that core incrementally.   
Wufoo is  
on the same trajectory now.So when you release something and it seems like no one cares, look  
more closely. Are there zero users who really love you, or is there  
at least some little group that does? It's quite possible there  
will be zero. In that case, tweak your product and try again.  
Every one of you is working on a space that contains at least one  
winning permutation somewhere in it. If you just keep trying,  
you'll find it.Let me mention some things not to do. The number one thing not to  
do is other things. If you find yourself saying a sentence that  
ends with "but we're going to keep working on the startup," you are  
in big trouble. Bob's going to grad school, but we're going to  
keep working on the startup. We're moving back to Minnesota, but  
we're going to keep working on the startup. We're taking on some  
consulting projects, but we're going to keep working on the startup.  
You may as well just translate these to "we're giving up on the  
startup, but we're not willing to admit that to ourselves," because  
that's what it means most of the time. A startup is so hard that  
working on it can't be preceded by "but."In particular, don't go to graduate school, and don't start other  
projects. Distraction is fatal to startups. Going to (or back to)  
school is a huge predictor of death because in addition to the  
distraction it gives you something to say you're doing. If you're  
only doing a startup, then if the startup fails, you fail. If  
you're in grad school and your startup fails, you can say later "Oh  
yeah, we had this startup on the side when I was in grad school,  
but it didn't go anywhere."You can't use euphemisms like "didn't go anywhere" for something  
that's your only occupation. People won't let you.One of the most interesting things we've discovered from working  
on Y Combinator is that founders are more motivated by the fear of  
looking bad than by the hope of getting millions of dollars. So  
if you want to get millions of dollars, put yourself in a position  
where failure will be public and humiliating.When we first met the founders of   
Octopart, they seemed very smart,  
but not a great bet to succeed, because they didn't seem especially  
committed. One of the two founders was still in grad school. It  
was the usual story: he'd drop out if it looked like the startup  
was taking off. Since then he has not only dropped out of grad  
school, but appeared full length in   
Newsweek   
with the word "Billionaire"  
printed across his chest. He just cannot fail now. Everyone he  
knows has seen that picture. Girls who dissed him in high school  
have seen it. His mom probably has it on the fridge. It would be  
unthinkably humiliating to fail now. At this point he is committed  
to fight to the death.I wish every startup we funded could appear in a Newsweek article  
describing them as the next generation of billionaires, because  
then none of them would be able to give up. The success rate would  
be 90%. I'm not kidding.When we first knew the Octoparts they were lighthearted, cheery  
guys. Now when we talk to them they seem grimly determined. The  
electronic parts distributors are trying to squash them to keep  
their monopoly pricing. (If it strikes you as odd that people still  
order electronic parts out of thick paper catalogs in 2007, there's  
a reason for that. The distributors want to prevent the transparency  
that comes from having prices online.) I feel kind of bad that  
we've transformed these guys from lighthearted to grimly determined.  
But that comes with the territory. If a startup succeeds, you get  
millions of dollars, and you don't get that kind of money just by  
asking for it. You have to assume it takes some amount of pain.And however tough things get for the Octoparts, I predict they'll  
succeed. They may have to morph themselves into something totally  
different, but they won't just crawl off and die. They're smart;  
they're working in a promising field; and they just cannot give up.All of you guys already have the first two. You're all smart and  
working on promising ideas. Whether you end up among the living  
or the dead comes down to the third ingredient, not giving up.So I'll tell you now: bad shit is coming. It always is in a startup.  
The odds of getting from launch to liquidity without some kind of  
disaster happening are one in a thousand. So don't get demoralized.  
When the disaster strikes, just say to yourself, ok, this was what  
Paul was talking about. What did he say to do? Oh, yeah. Don't  
give up.