What Startups Are Really Like

October 2009(This essay is derived from a talk at the 2009 Startup School.)I wasn't sure what to talk about at Startup School, so I decided  
to ask the founders of the startups we'd funded. What hadn't I  
written about yet?I'm in the unusual position of being able to test the essays I write  
about startups. I hope the ones on other topics are right, but I  
have no way to test them. The ones on startups get tested by about  
70 people every 6 months.So I sent all the founders an email asking what surprised them about  
starting a startup. This amounts to asking what I got wrong, because  
if I'd explained things well enough, nothing should have surprised  
them.I'm proud to report I got one response saying:  
  
 What surprised me the most is that everything was actually  
 fairly predictable!  
  
The bad news is that I got over 100 other responses listing the  
surprises they encountered.There were very clear patterns in the responses; it was remarkable  
how often several people had been surprised by exactly the same  
thing. These were the biggest:  
1. Be Careful with CofoundersThis was the surprise mentioned by the most founders. There were  
two types of responses: that you have to be careful who you pick  
as a cofounder, and that you have to work hard to maintain your  
relationship.What people wished they'd paid more attention to when choosing  
cofounders was character and commitment, not ability. This was  
particularly true with startups that failed. The lesson: don't  
pick cofounders who will flake.Here's a typical reponse:  
  
 You haven't seen someone's true colors unless you've worked  
 with them on a startup.  
  
The reason character is so important is that it's tested more  
severely than in most other situations. One founder said explicitly  
that the relationship between founders was more important than  
ability:  
  
 I would rather cofound a startup with a friend than a stranger  
 with higher output. Startups are so hard and emotional that  
 the bonds and emotional and social support that come with  
 friendship outweigh the extra output lost.  
  
We learned this lesson a long time ago. If you look at the YC  
application, there are more questions about the commitment and  
relationship of the founders than their ability.Founders of successful startups talked less about choosing cofounders  
and more about how hard they worked to maintain their relationship.  
  
 One thing that surprised me is how the relationship of startup  
 founders goes from a friendship to a marriage. My relationship  
 with my cofounder went from just being friends to seeing each  
 other all the time, fretting over the finances and cleaning up  
 shit. And the startup was our baby. I summed it up once like  
 this: "It's like we're married, but we're not fucking."  
  
Several people used that word "married." It's a far more intense  
relationship than you usually see between coworkers—partly because  
the stresses are so much greater, and partly because at first the  
founders are the whole company. So this relationship has to be  
built of top quality materials and carefully maintained. It's the  
basis of everything.  
2. Startups Take Over Your LifeJust as the relationship between cofounders is more intense than  
it usually is between coworkers, so is the relationship between the  
founders and the company. Running a startup is not like having a  
job or being a student, because it never stops. This is so foreign  
to most people's experience that they don't get it till it happens.  
[1]  
  
 I didn't realize I would spend almost every waking moment either  
 working or thinking about our startup. You enter a whole  
 different way of life when it's your company vs. working for  
 someone else's company.  
  
It's exacerbated by the fast pace of startups, which makes it seem  
like time slows down:  
  
 I think the thing that's been most surprising to me is how one's  
 perspective on time shifts. Working on our startup, I remember  
 time seeming to stretch out, so that a month was a huge interval.  
  
In the best case, total immersion can be exciting:  
  
 It's surprising how much you become consumed by your startup,  
 in that you think about it day and night, but never once does  
 it feel like "work."  
  
Though I have to say, that quote is from someone we funded this  
summer. In a couple years he may not sound so chipper.  
3. It's an Emotional Roller-coasterThis was another one lots of people were surprised about. The ups  
and downs were more extreme than they were prepared for.In a startup, things seem great one moment and hopeless the next.  
And by next, I mean a couple hours later.  
  
 The emotional ups and downs were the biggest surprise for me.  
 One day, we'd think of ourselves as the next Google and dream  
 of buying islands; the next, we'd be pondering how to let our  
 loved ones know of our utter failure; and on and on.  
  
The hard part, obviously, is the lows. For a lot of founders that  
was the big surprise:  
  
 How hard it is to keep everyone motivated during rough days or  
 weeks, i.e. how low the lows can be.  
  
After a while, if you don't have significant success to cheer you  
up, it wears you out:  
  
 Your most basic advice to founders is "just don't die," but the  
 energy to keep a company going in lieu of unburdening success  
 isn't free; it is siphoned from the founders themselves.  
  
There's a limit to how much you can take. If you get to the point  
where you can't keep working anymore, it's not the end of the world.  
Plenty of famous founders have had some failures along the way.  
4. It Can Be FunThe good news is, the highs are also very high. Several founders  
said what surprised them most about doing a startup was how fun it  
was:  
  
 I think you've left out just how fun it is to do a startup. I  
 am more fulfilled in my work than pretty much any of my friends  
 who did not start companies.  
  
What they like most is the freedom:  
  
 I'm surprised by how much better it feels to be working on  
 something that is challenging and creative, something I believe  
 in, as opposed to the hired-gun stuff I was doing before. I  
 knew it would feel better; what's surprising is how much better.  
  
Frankly, though, if I've misled people here, I'm not eager to fix  
that. I'd rather have everyone think starting a startup is grim  
and hard than have founders go into it expecting it to be fun, and  
a few months later saying "This is supposed to be fun? Are you  
kidding?"The truth is, it wouldn't be fun for most people. A lot of what  
we try to do in the application process is to weed out the people  
who wouldn't like it, both for our sake and theirs.The best way to put it might be that starting a startup is fun the  
way a survivalist training course would be fun, if you're into that  
sort of thing. Which is to say, not at all, if you're not.  
5. Persistence Is the KeyA lot of founders were surprised how important persistence was in  
startups. It was both a negative and a positive surprise: they were  
surprised both by the degree of persistence required  
  
 Everyone said how determined and resilient you must be, but  
 going through it made me realize that the determination required  
 was still understated.  
  
and also by the degree to which persistence alone was able to  
dissolve obstacles:  
  
 If you are persistent, even problems that seem out of your  
 control (i.e. immigration) seem to work themselves out.  
  
Several founders mentioned specifically how much more important  
persistence was than intelligence.  
  
 I've been surprised again and again by just how much more  
 important persistence is than raw intelligence.  
  
This applies not just to intelligence but to ability in general,  
and that's why so many people said character was more important in  
choosing cofounders.  
6. Think Long-TermYou need persistence because everything takes longer than you expect.  
A lot of people were surprised by that.  
  
 I'm continually surprised by how long everything can take.  
 Assuming your product doesn't experience the explosive growth  
 that very few products do, everything from development to  
 dealmaking (especially dealmaking) seems to take 2-3x longer  
 than I always imagine.  
  
One reason founders are surprised is that because they work fast,  
they expect everyone else to. There's a shocking amount of shear  
stress at every point where a startup touches a more bureaucratic  
organization, like a big company or a VC fund. That's why fundraising  
and the enterprise market kill and maim so many startups.   
[2]But I think the reason most founders are surprised by how long it  
takes is that they're overconfident. They think they're going to  
be an instant success, like YouTube or Facebook. You tell them  
only 1 out of 100 successful startups has a trajectory like that,  
and they all think "we're going to be that 1."Maybe they'll listen to one of the more successful founders:  
  
 The top thing I didn't understand before going into it is that  
 persistence is the name of the game. For the vast majority of  
 startups that become successful, it's going to be a really  
 long journey, at least 3 years and probably 5+.  
  
There is a positive side to thinking longer-term. It's not just  
that you have to resign yourself to everything taking longer than  
it should. If you work patiently it's less stressful, and you can  
do better work:  
  
 Because we're relaxed, it's so much easier to have fun doing  
 what we do. Gone is the awkward nervous energy fueled by the  
 desperate need to not fail guiding our actions. We can concentrate  
 on doing what's best for our company, product, employees and  
 customers.  
  
That's why things get so much better when you hit ramen profitability.  
You can shift into a different mode of working.7. Lots of Little ThingsWe often emphasize how rarely startups win simply because they hit  
on some magic idea. I think founders have now gotten that into  
their heads. But a lot were surprised to find this also applies  
within startups. You have to do lots of different things:  
  
 It's much more of a grind than glamorous. A timeslice selected  
 at random would more likely find me tracking down a weird DLL  
 loading bug on Swedish Windows, or tracking down a bug in the  
 financial model Excel spreadsheet the night before a board  
 meeting, rather than having brilliant flashes of strategic  
 insight.  
  
Most hacker-founders would like to spend all their time programming.  
You won't get to, unless you fail. Which can be transformed into:  
If you spend all your time programming, you will fail.The principle extends even into programming. There is rarely a  
single brilliant hack that ensures success:  
  
 I learnt never to bet on any one feature or deal or anything  
 to bring you success. It is never a single thing. Everything  
 is just incremental and you just have to keep doing lots of  
 those things until you strike something.  
  
Even in the rare cases where a clever hack makes your fortune, you  
probably won't know till later:  
  
 There is no such thing as a killer feature. Or at least you  
 won't know what it is.  
  
So the best strategy is to try lots of different things. The reason  
not to put all your eggs in one basket is not the usual one,  
which applies even when you know which basket is best. In a startup  
you don't even know that.  
8. Start with Something MinimalLots of founders mentioned how important it was to launch with the  
simplest possible thing. By this point everyone knows you should  
release fast and iterate. It's practically a mantra at YC. But  
even so a lot of people seem to have been burned by not doing it:  
  
 Build the absolute smallest thing that can be considered a  
 complete application and ship it.  
  
Why do people take too long on the first version? Pride, mostly.  
They hate to release something that could be better. They worry  
what people will say about them. But you have to overcome this:  
  
 Doing something "simple" at first glance does not mean you  
 aren't doing something meaningful, defensible, or valuable.  
  
Don't worry what people will say. If your first version is so  
impressive that trolls don't make fun of it, you waited too long  
to launch.   
[3]One founder said this should be your approach to all programming,  
not just startups, and I tend to agree.  
  
 Now, when coding, I try to think "How can I write this such  
 that if people saw my code, they'd be amazed at how little there  
 is and how little it does?"  
  
Over-engineering is poison. It's not like doing extra work for  
extra credit. It's more like telling a lie that you then have to  
remember so you don't contradict it.  
9. Engage UsersProduct development is a conversation with the user that doesn't  
really start till you launch. Before you launch, you're like a  
police artist before he's shown the first version of his sketch to  
the witness.It's so important to launch fast that it may be better to think of  
your initial version not as a product, but as a trick for getting  
users to start talking to you.  
  
 I learned to think about the initial stages of a startup as a  
 giant experiment. All products should be considered experiments,  
 and those that have a market show promising results extremely  
 quickly.  
  
Once you start talking to users, I guarantee you'll be surprised  
by what they tell you.  
  
 When you let customers tell you what they're after, they will  
 often reveal amazing details about what they find valuable as  
 well what they're willing to pay for.  
  
The surprise is generally positive as well as negative. They won't  
like what you've built, but there will be other things they would  
like that would be trivially easy to implement. It's not till you  
start the conversation by launching the wrong thing that they can  
express (or perhaps even realize) what they're looking for.  
10. Change Your IdeaTo benefit from engaging with users you have to be willing to change  
your idea. We've always encouraged founders to see a startup idea  
as a hypothesis rather than a blueprint. And yet they're still  
surprised how well it works to change the idea.  
  
 Normally if you complain about something being hard, the general  
 advice is to work harder. With a startup, I think you should  
 find a problem that's easy for you to solve. Optimizing in  
 solution-space is familiar and straightforward, but you can  
 make enormous gains playing around in problem-space.  
  
Whereas mere determination, without flexibility, is a greedy algorithm  
that may get you nothing more than a mediocre local maximum:  
  
 When someone is determined, there's still a danger that they'll  
 follow a long, hard path that ultimately leads nowhere.  
  
You want to push forward, but at the same time twist and turn to  
find the most promising path. One founder put it very succinctly:  
  
 Fast iteration is the key to success.  
  
One reason this advice is so hard to follow is that people don't  
realize how hard it is to judge startup ideas, particularly their  
own. Experienced founders learn to keep an open mind:  
  
 Now I don't laugh at ideas anymore, because I realized how  
 terrible I was at knowing if they were good or not.  
  
You can never tell what will work. You just have to do whatever  
seems best at each point. We do this with YC itself. We still  
don't know if it will work, but it seems like a decent hypothesis.  
11. Don't Worry about CompetitorsWhen you think you've got a great idea, it's sort of like having a  
guilty conscience about something. All someone has to do is look  
at you funny, and you think "Oh my God, they know."These alarms are almost always false:  
  
 Companies that seemed like competitors and threats at first  
 glance usually never were when you really looked at it. Even  
 if they were operating in the same area, they had a different  
 goal.  
  
One reason people overreact to competitors is that they overvalue  
ideas. If ideas really were the key, a competitor with the same  
idea would be a real threat. But it's usually execution that  
matters:  
  
 All the scares induced by seeing a new competitor pop up are  
 forgotten weeks later. It always comes down to your own product  
 and approach to the market.  
  
This is generally true even if competitors get lots of attention.  
  
 Competitors riding on lots of good blogger perception aren't  
 really the winners and can disappear from the map quickly. You  
 need consumers after all.  
  
Hype doesn't make satisfied users, at least not for something as  
complicated as technology.12. It's Hard to Get UsersA lot of founders complained about how hard it was to get users,  
though.  
  
 I had no idea how much time and effort needed to go into attaining  
 users.  
  
This is a complicated topic. When you can't get users, it's hard  
to say whether the problem is lack of exposure, or whether the  
product's simply bad. Even good products can be blocked by switching  
or integration costs:  
  
 Getting people to use a new service is incredibly difficult.  
 This is especially true for a service that other companies can  
 use, because it requires their developers to do work. If you're  
 small, they don't think it is urgent.   
[4]  
  
The sharpest criticism of YC came from a founder who said we didn't  
focus enough on customer acquisition:  
  
 YC preaches "make something people want" as an engineering task,  
 a never ending stream of feature after feature until enough  
 people are happy and the application takes off. There's very  
 little focus on the cost of customer acquisition.  
  
This may be true; this may be something we need to fix, especially  
for applications like games. If you make something where the  
challenges are mostly technical, you can rely on word of mouth,  
like Google did. One founder was surprised by how well that worked  
for him:  
  
 There is an irrational fear that no one will buy your product.  
 But if you work hard and incrementally make it better, there  
 is no need to worry.  
  
But with other types of startups you may win less by features and  
more by deals and marketing.  
13. Expect the Worst with DealsDeals fall through. That's a constant of the startup world. Startups  
are powerless, and good startup ideas generally seem wrong. So  
everyone is nervous about closing deals with you, and you have no  
way to make them.This is particularly true with investors:  
  
 In retrospect, it would have been much better if we had operated  
 under the assumption that we would never get any additional  
 outside investment. That would have focused us on finding  
 revenue streams early.  
  
My advice is generally pessimistic. Assume you won't get money,  
and if someone does offer you any, assume you'll never get any more.  
  
 If someone offers you money, take it. You say it a lot, but I  
 think it needs even more emphasizing. We had the opportunity  
 to raise a lot more money than we did last year and I wish we  
 had.  
  
Why do founders ignore me? Mostly because they're optimistic by  
nature. The mistake is to be optimistic about things you can't  
control. By all means be optimistic about your ability to make  
something great. But you're asking for trouble if you're optimistic  
about big companies or investors.  
14. Investors Are CluelessA lot of founders mentioned how surprised they were by the cluelessness  
of investors:  
  
 They don't even know about the stuff they've invested in. I  
 met some investors that had invested in a hardware device and  
 when I asked them to demo the device they had difficulty switching  
 it on.  
  
Angels are a bit better than VCs, because they usually have startup  
experience themselves:  
  
 VC investors don't know half the time what they are talking  
 about and are years behind in their thinking. A few were great,  
 but 95% of the investors we dealt with were unprofessional,  
 didn't seem to be very good at business or have any kind of  
 creative vision. Angels were generally much better to talk to.  
  
Why are founders surprised that VCs are clueless? I think it's  
because they seem so formidable.The reason VCs seem formidable is that it's their profession to.  
You get to be a VC by convincing asset managers to trust you with  
hundreds of millions of dollars. How do you do that? You have to  
seem confident, and you have to seem like you understand technology.  
[5]  
15. You May Have to Play GamesBecause investors are so bad at judging you, you have to work harder  
than you should at selling yourself. One founder said the thing  
that surprised him most was  
  
 The degree to which feigning certitude impressed investors.  
  
This is the thing that has surprised me most about YC founders'  
experiences. This summer we invited some of the alumni to talk to  
the new startups about fundraising, and pretty much 100% of their  
advice was about investor psychology. I thought I was cynical about  
VCs, but the founders were much more cynical.  
  
 A lot of what startup founders do is just posturing. It works.  
  
VCs themselves have no idea of the extent to which the startups  
they like are the ones that are best at selling themselves to VCs.  
[6]  
It's exactly the same phenomenon we saw a step earlier. VCs get  
money by seeming confident to LPs, and founders get money by seeming  
confident to VCs.  
16. Luck Is a Big FactorWith two such random linkages in the path between startups and  
money, it shouldn't be surprising that luck is a big factor in  
deals. And yet a lot of founders are surprised by it.  
  
 I didn't realize how much of a role luck plays and how much is  
 outside of our control.  
  
If you think about famous startups, it's pretty clear how big a  
role luck plays. Where would Microsoft be if IBM insisted on an  
exclusive license for DOS?Why are founders fooled by this? Business guys probably aren't,  
but hackers are used to a world where skill is paramount, and you  
get what you deserve.  
  
 When we started our startup, I had bought the hype of the startup  
 founder dream: that this is a game of skill. It is, in some  
 ways. Having skill is valuable. So is being determined as all  
 hell. But being lucky is the critical ingredient.  
  
Actually the best model would be to say that the outcome is the  
product of skill, determination, and luck. No matter how much  
skill and determination you have, if you roll a zero for luck, the  
outcome is zero.These quotes about luck are not from founders whose startups failed.  
Founders who fail quickly tend to blame themselves. Founders who  
succeed quickly don't usually realize how lucky they were. It's  
the ones in the middle who see how important luck is.  
17. The Value of CommunityA surprising number of founders said what surprised them most about  
starting a startup was the value of community. Some meant the  
micro-community of YC founders:  
  
 The immense value of the peer group of YC companies, and facing  
 similar obstacles at similar times.  
  
which shouldn't be that surprising, because that's why it's structured  
that way. Others were surprised at the value of the startup community  
in the larger sense:  
  
 How advantageous it is to live in Silicon Valley, where you  
 can't help but hear all the cutting-edge tech and startup news,  
 and run into useful people constantly.  
  
The specific thing that surprised them most was the general spirit  
of benevolence:  
  
 One of the most surprising things I saw was the willingness of  
 people to help us. Even people who had nothing to gain went out  
 of their way to help our startup succeed.  
  
and particularly how it extended all the way to the top:  
  
 The surprise for me was how accessible important and interesting  
 people are. It's amazing how easily you can reach out to people  
 and get immediate feedback.  
  
This is one of the reasons I like being part of this world. Creating  
wealth is not a zero-sum game, so you don't have to stab people in  
the back to win.  
18. You Get No RespectThere was one surprise founders mentioned that I'd forgotten about:  
that outside the startup world, startup founders get no respect.  
  
 In social settings, I found that I got a lot more respect when  
 I said, "I worked on Microsoft Office" instead of "I work at a  
 small startup you've never heard of called x."  
  
Partly this is because the rest of the world just doesn't get  
startups, and partly it's yet another consequence of the fact that  
most good startup ideas seem bad:  
  
 If you pitch your idea to a random person, 95% of the time  
 you'll find the person instinctively thinks the idea will be a  
 flop and you're wasting your time (although they probably won't  
 say this directly).  
  
Unfortunately this extends even to dating:  
  
 It surprised me that being a startup founder does not get you  
 more admiration from women.  
  
I did know about that, but I'd forgotten.  
19. Things Change as You GrowThe last big surprise founders mentioned is how much things changed  
as they grew. The biggest change was that you got to program even  
less:  
  
 Your job description as technical founder/CEO is completely  
 rewritten every 6-12 months. Less coding, more  
 managing/planning/company building, hiring, cleaning up messes,  
 and generally getting things in place for what needs to happen  
 a few months from now.  
  
In particular, you now have to deal with employees, who often have  
different motivations:  
  
 I knew the founder equation and had been focused on it since I  
 knew I wanted to start a startup as a 19 year old. The employee  
 equation is quite different so it took me a while to get it  
 down.  
  
Fortunately, it can become a lot less stressful once you reach  
cruising altitude:  
  
 I'd say 75% of the stress is gone now from when we first started.  
 Running a business is so much more enjoyable now. We're more  
 confident. We're more patient. We fight less. We sleep more.  
  
I wish I could say it was this way for every startup that succeeded,  
but 75% is probably on the high side.  
The Super-PatternThere were a few other patterns, but these were the biggest. One's  
first thought when looking at them all is to ask if there's a  
super-pattern, a pattern to the patterns.I saw it immediately, and so did a YC founder I read the list to.  
These are supposed to be the surprises, the things I didn't tell  
people. What do they all have in common? They're all things I  
tell people. If I wrote a new essay with the same outline as this  
that wasn't summarizing the founders' responses, everyone would say  
I'd run out of ideas and was just repeating myself.What is going on here?When I look at the responses, the common theme is that  
starting a startup was like I said, but way more so. People just  
don't seem to get how different it is till they do it. Why? The  
key to that mystery is to ask, how different from what? Once you  
phrase it that way, the answer is obvious: from a job. Everyone's  
model of work is a job. It's completely pervasive. Even if you've  
never had a job, your parents probably did, along with practically  
every other adult you've met.Unconsciously, everyone expects a startup to be like a job, and  
that explains most of the surprises. It explains why people are  
surprised how carefully you have to choose cofounders and how hard  
you have to work to maintain your relationship. You don't have to  
do that with coworkers. It explains why the ups and downs are  
surprisingly extreme. In a job there is much more damping. But  
it also explains why the good times are surprisingly good: most  
people can't imagine such freedom. As you go down the list, almost  
all the surprises are surprising in how much a startup differs from  
a job.You probably can't overcome anything so pervasive as the model of  
work you grew up with. So the best solution is to be consciously  
aware of that. As you go into a startup, you'll be thinking "everyone  
says it's really extreme." Your next thought will probably be "but  
I can't believe it will be that bad." If you want to avoid being  
surprised, the next thought after that should be: "and the reason  
I can't believe it will be that bad is that my model of work is a  
job."  
Notes[1]  
Graduate students might understand it. In grad school you  
always feel you should be working on your thesis. It doesn't end  
every semester like classes do.[2]  
The best way for a startup to engage with slow-moving  
organizations is to fork off separate processes to deal with them.  
It's when they're on the critical path that they kill you—when  
you depend on closing a deal to move forward. It's worth taking  
extreme measures to avoid that.[3]  
This is a variant of Reid Hoffman's principle that if you  
aren't embarrassed by what you launch with, you waited too long to  
launch.[4]  
The question to ask about what you've built is not whether it's  
good, but whether it's good enough to supply the activation energy  
required.[5]  
Some VCs seem to understand technology because they actually  
do, but that's overkill; the defining test is whether you can talk  
about it well enough to convince limited partners.[6]  
This is the same phenomenon you see with defense contractors  
or fashion brands. The dumber the customers, the more effort you  
expend on the process of selling things to them rather than making  
the things you sell.Thanks: to Jessica Livingston for reading drafts of this,  
and to all the founders who responded to my email.Related: