Why to Not Not Start a Startup

March 2007(This essay is derived from talks at the 2007   
Startup School and the Berkeley CSUA.)We've now been doing Y Combinator long enough to have some data  
about success rates. Our first batch, in the summer of 2005, had  
eight startups in it. Of those eight, it now looks as if at least  
four succeeded. Three have been acquired:   
Reddit was a merger of  
two, Reddit and Infogami, and a third was acquired that we can't  
talk about yet. Another from that batch was   
Loopt, which is doing  
so well they could probably be acquired in about ten minutes if  
they wanted to.So about half the founders from that first summer, less than two  
years ago, are now rich, at least by their standards. (One thing  
you learn when you get rich is that there are many degrees of it.)I'm not ready to predict our success rate will stay as high as 50%.  
That first batch could have been an anomaly. But we should be able  
to do better than the oft-quoted (and probably made  
up) standard figure of 10%. I'd feel safe aiming at 25%.Even the founders who fail don't seem to have such a bad time. Of  
those first eight startups, three are now probably dead. In two  
cases the founders just went on to do other things at the end of  
the summer. I don't think they were traumatized by the experience.  
The closest to a traumatic failure was Kiko, whose founders kept  
working on their startup for a whole year before being squashed by  
Google Calendar. But they ended up happy. They sold their software  
on eBay for a quarter of a million dollars. After they paid back  
their angel investors, they had about a year's salary each.   
[1]  
Then they immediately went on to start a new and much more exciting  
startup, Justin.TV.So here is an even more striking statistic: 0% of that first batch  
had a terrible experience. They had ups and downs, like every  
startup, but I don't think any would have traded it for a job in a  
cubicle. And that statistic is probably not an anomaly. Whatever  
our long-term success rate ends up being, I think the rate of people  
who wish they'd gotten a regular job will stay close to 0%.The big mystery to me is: why don't more people start startups? If  
nearly everyone who does it prefers it to a regular job, and a  
significant percentage get rich, why doesn't everyone want to do  
this? A lot of people think we get thousands of applications for  
each funding cycle. In fact we usually only get several hundred.  
Why don't more people apply? And while it must seem to anyone  
watching this world that startups are popping up like crazy, the  
number is small compared to the number of people with the necessary  
skills. The great majority of programmers still go straight from  
college to cubicle, and stay there.It seems like people are not acting in their own interest. What's  
going on? Well, I can answer that. Because of Y Combinator's  
position at the very start of the venture funding process, we're  
probably the world's leading experts on the psychology of people  
who aren't sure if they want to start a company.There's nothing wrong with being unsure. If you're a hacker thinking  
about starting a startup and hesitating before taking the leap,  
you're part of a grand tradition. Larry and Sergey seem to have  
felt the same before they started Google, and so did Jerry and Filo  
before they started Yahoo. In fact, I'd guess the most successful  
startups are the ones started by uncertain hackers rather than  
gung-ho business guys.We have some evidence to support this. Several of the most successful  
startups we've funded told us later that they only decided to apply  
at the last moment. Some decided only hours before the deadline.The way to deal with uncertainty is to analyze it into components.  
Most people who are reluctant to do something have about eight  
different reasons mixed together in their heads, and don't know  
themselves which are biggest. Some will be justified and some  
bogus, but unless you know the relative proportion of each, you  
don't know whether your overall uncertainty is mostly justified or  
mostly bogus.So I'm going to list all the components of people's reluctance to  
start startups, and explain which are real. Then would-be founders  
can use this as a checklist to examine their own feelings.I admit my goal is to increase your self-confidence. But there are  
two things different here from the usual confidence-building exercise.  
One is that I'm motivated to be honest. Most people in the  
confidence-building business have already achieved their goal when  
you buy the book or pay to attend the seminar where they tell you  
how great you are. Whereas if I encourage people to start startups  
who shouldn't, I make my own life worse. If I encourage too many  
people to apply to Y Combinator, it just means more work for me,  
because I have to read all the applications.The other thing that's going to be different is my approach. Instead  
of being positive, I'm going to be negative. Instead of telling  
you "come on, you can do it" I'm going to consider all the reasons  
you aren't doing it, and show why most (but not all) should be  
ignored. We'll start with the one everyone's born with.1. Too youngA lot of people think they're too young to start a startup. Many  
are right. The median age worldwide is about 27, so probably a  
third of the population can truthfully say they're too young.What's too young? One of our goals with Y Combinator was to discover  
the lower bound on the age of startup founders. It always seemed  
to us that investors were too conservative here—that they wanted  
to fund professors, when really they should be funding grad students  
or even undergrads.The main thing we've discovered from pushing the edge of this  
envelope is not where the edge is, but how fuzzy it is. The outer  
limit may be as low as 16. We don't look beyond 18 because people  
younger than that can't legally enter into contracts. But the most  
successful founder we've funded so far, Sam Altman, was 19 at the  
time.Sam Altman, however, is an outlying data point. When he was 19,  
he seemed like he had a 40 year old inside him. There are other  
19 year olds who are 12 inside.There's a reason we have a distinct word "adult" for people over a  
certain age. There is a threshold you cross. It's conventionally  
fixed at 21, but different people cross it at greatly varying ages.  
You're old enough to start a startup if you've crossed this threshold,  
whatever your age.How do you tell? There are a couple tests adults use. I realized  
these tests existed after meeting Sam Altman, actually. I noticed  
that I felt like I was talking to someone much older. Afterward I  
wondered, what am I even measuring? What made him seem older?One test adults use is whether you still have the kid flake reflex.  
When you're a little kid and you're asked to do something hard, you  
can cry and say "I can't do it" and the adults will probably let  
you off. As a kid there's a magic button you can press by saying  
"I'm just a kid" that will get you out of most difficult situations.  
Whereas adults, by definition, are not allowed to flake. They still  
do, of course, but when they do they're ruthlessly pruned.The other way to tell an adult is by how they react to a challenge.  
Someone who's not yet an adult will tend to respond to a challenge  
from an adult in a way that acknowledges their dominance. If an  
adult says "that's a stupid idea," a kid will either crawl away  
with his tail between his legs, or rebel. But rebelling presumes  
inferiority as much as submission. The adult response to  
"that's a stupid idea," is simply to look the other person in the  
eye and say "Really? Why do you think so?"There are a lot of adults who still react childishly to challenges,  
of course. What you don't often find are kids who react to challenges  
like adults. When you do, you've found an adult, whatever their  
age.2. Too inexperiencedI once wrote that startup founders should be at least 23, and that  
people should work for another company for a few years before  
starting their own. I no longer believe that, and what changed my  
mind is the example of the startups we've funded.I still think 23 is a better age than 21. But the best way to get  
experience if you're 21 is to start a startup. So, paradoxically,  
if you're too inexperienced to start a startup, what you should do  
is start one. That's a way more efficient cure for inexperience  
than a normal job. In fact, getting a normal job may actually make  
you less able to start a startup, by turning you into a tame animal  
who thinks he needs an office to work in and a product manager to  
tell him what software to write.What really convinced me of this was the Kikos. They started a  
startup right out of college. Their inexperience caused them to  
make a lot of mistakes. But by the time we funded their second  
startup, a year later, they had become extremely formidable. They  
were certainly not tame animals. And there is no way they'd have  
grown so much if they'd spent that year working at Microsoft, or  
even Google. They'd still have been diffident junior programmers.So now I'd advise people to go ahead and start startups right out  
of college. There's no better time to take risks than when you're  
young. Sure, you'll probably fail. But even failure will get you  
to the ultimate goal faster than getting a job.It worries me a bit to be saying this, because in effect we're  
advising people to educate themselves by failing at our expense,  
but it's the truth.3. Not determined enoughYou need a lot of determination to succeed as a startup founder.  
It's probably the single best predictor of success.Some people may not be determined enough to make it. It's  
hard for me to say for sure, because I'm so determined that I can't  
imagine what's going on in the heads of people who aren't. But I  
know they exist.Most hackers probably underestimate their determination. I've seen  
a lot become visibly more determined as they get used to running a   
startup. I can think of  
several we've funded who would have been delighted at first to be  
bought for $2 million, but are now set on world domination.How can you tell if you're determined enough, when Larry and Sergey  
themselves were unsure at first about starting a company? I'm  
guessing here, but I'd say the test is whether you're sufficiently  
driven to work on your own projects. Though they may have been  
unsure whether they wanted to start a company, it doesn't seem as  
if Larry and Sergey were meek little research assistants, obediently  
doing their advisors' bidding. They started projects of their own.  
4. Not smart enoughYou may need to be moderately smart to succeed as a startup founder.  
But if you're worried about this, you're probably mistaken. If  
you're smart enough to worry that you might not be smart enough to  
start a startup, you probably are.And in any case, starting a startup just doesn't require that much  
intelligence. Some startups do. You have to be good at math to  
write Mathematica. But most companies do more mundane stuff where  
the decisive factor is effort, not brains. Silicon Valley can warp  
your perspective on this, because there's a cult of smartness here.  
People who aren't smart at least try to act that way. But if you  
think it takes a lot of intelligence to get rich, try spending a  
couple days in some of the fancier bits of New York or LA.If you don't think you're smart enough to start a startup doing  
something technically difficult, just write enterprise software.  
Enterprise software companies aren't technology companies, they're  
sales companies, and sales depends mostly on effort.5. Know nothing about businessThis is another variable whose coefficient should be zero. You  
don't need to know anything about business to start a startup. The  
initial focus should be the product. All you need to know in this  
phase is how to build things people want. If you succeed, you'll  
have to think about how to make money from it. But this is so easy  
you can pick it up on the fly.I get a fair amount of flak for telling founders just to make  
something great and not worry too much about making money. And yet  
all the empirical evidence points that way: pretty much 100% of  
startups that make something popular manage to make money from it.  
And acquirers tell me privately that revenue is not what they buy  
startups for, but their strategic value. Which means, because they  
made something people want. Acquirers know the rule holds for them  
too: if users love you, you can always make money from that somehow,  
and if they don't, the cleverest business model in the world won't  
save you.So why do so many people argue with me? I think one reason is that  
they hate the idea that a bunch of twenty year olds could get rich  
from building something cool that doesn't make any money. They  
just don't want that to be possible. But how possible it is doesn't  
depend on how much they want it to be.For a while it annoyed me to hear myself described as some kind of  
irresponsible pied piper, leading impressionable young hackers down  
the road to ruin. But now I realize this kind of controversy is a  
sign of a good idea.The most valuable truths are the ones most people don't believe.  
They're like undervalued stocks. If you start with them, you'll  
have the whole field to yourself. So when you find an idea you  
know is good but most people disagree with, you should not  
merely ignore their objections, but push aggressively in that  
direction. In this case, that means you should seek out ideas that  
would be popular but seem hard to make money from.We'll bet a seed round you can't make something popular that we  
can't figure out how to make money from.6. No cofounderNot having a cofounder is a real problem. A startup is too much  
for one person to bear. And though we differ from other investors  
on a lot of questions, we all agree on this. All investors, without  
exception, are more likely to fund you with a cofounder than without.We've funded two single founders, but in both cases we suggested  
their first priority should be to find a cofounder. Both did. But  
we'd have preferred them to have cofounders before they applied.  
It's not super hard to get a cofounder for a project that's just  
been funded, and we'd rather have cofounders committed enough to  
sign up for something super hard.If you don't have a cofounder, what should you do? Get one. It's  
more important than anything else. If there's no one where you  
live who wants to start a startup with you, move where there are  
people who do. If no one wants to work with you on your current  
idea, switch to an idea people want to work on.If you're still in school, you're surrounded by potential cofounders.  
A few years out it gets harder to find them. Not only do you have  
a smaller pool to draw from, but most already have jobs, and perhaps  
even families to support. So if you had friends in college you  
used to scheme about startups with, stay in touch with them as well  
as you can. That may help keep the dream alive.It's possible you could meet a cofounder through something like a  
user's group or a conference. But I wouldn't be too optimistic.  
You need to work with someone to know whether you want them as a  
cofounder.   
[2]The real lesson to draw from this is not how to find a cofounder,  
but that you should start startups when you're young and there are  
lots of them around.7. No ideaIn a sense, it's not a problem if you don't have a good idea, because  
most startups change their idea anyway. In the average Y Combinator  
startup, I'd guess 70% of the idea is new at the end of the  
first three months. Sometimes it's 100%.In fact, we're so sure the founders are more important than the  
initial idea that we're going to try something new this funding  
cycle. We're going to let people apply with no idea at all. If you  
want, you can answer the question on the application form that asks  
what you're going to do with "We have no idea." If you seem really  
good we'll accept you anyway. We're confident we can sit down with  
you and cook up some promising project.Really this just codifies what we do already. We put little weight  
on the idea. We ask mainly out of politeness. The kind of question  
on the application form that we really care about is the one where  
we ask what cool things you've made. If what you've made is version  
one of a promising startup, so much the better, but the main thing  
we care about is whether you're good at making things. Being lead  
developer of a popular open source project counts almost as much.That solves the problem if you get funded by Y Combinator. What  
about in the general case? Because in another sense, it is a problem  
if you don't have an idea. If you start a startup with no idea,  
what do you do next?So here's the brief recipe for getting startup ideas. Find something  
that's missing in your own life, and supply that need—no matter  
how specific to you it seems. Steve Wozniak built himself a computer;  
who knew so many other people would want them? A need that's narrow  
but genuine is a better starting point than one that's broad but  
hypothetical. So even if the problem is simply that you don't have  
a date on Saturday night, if you can think of a way to fix that by  
writing software, you're onto something, because a lot of other  
people have the same problem.8. No room for more startupsA lot of people look at the ever-increasing number of startups and  
think "this can't continue." Implicit in their thinking is a  
fallacy: that there is some limit on the number of startups there  
could be. But this is false. No one claims there's any limit on  
the number of people who can work for salary at 1000-person companies.  
Why should there be any limit on the number who can work for equity  
at 5-person companies?   
[3]Nearly everyone who works is satisfying some kind of need. Breaking  
up companies into smaller units doesn't make those needs go away.  
Existing needs would probably get satisfied more efficiently by a  
network of startups than by a few giant, hierarchical organizations,  
but I don't think that would mean less opportunity, because satisfying  
current needs would lead to more. Certainly this tends to be the  
case in individuals. Nor is there anything wrong with that. We  
take for granted things that medieval kings would have considered  
effeminate luxuries, like whole buildings heated to spring temperatures  
year round. And if things go well, our descendants will take for  
granted things we would consider shockingly luxurious. There is  
no absolute standard for material wealth. Health care is a component  
of it, and that alone is a black hole. For the foreseeable future,  
people will want ever more material wealth, so there is no limit  
to the amount of work available for companies, and for startups in  
particular.Usually the limited-room fallacy is not expressed directly. Usually  
it's implicit in statements like "there are only so many startups  
Google, Microsoft, and Yahoo can buy." Maybe, though the list of  
acquirers is a lot longer than that. And whatever you think of  
other acquirers, Google is not stupid. The reason big companies  
buy startups is that they've created something valuable. And why  
should there be any limit to the number of valuable startups companies  
can acquire, any more than there is a limit to the amount of wealth  
individual people want? Maybe there would be practical limits on  
the number of startups any one acquirer could assimilate, but if  
there is value to be had, in the form of upside that founders are  
willing to forgo in return for an immediate payment, acquirers will  
evolve to consume it. Markets are pretty smart that way.9. Family to supportThis one is real. I wouldn't advise anyone with a family to start  
a startup. I'm not saying it's a bad idea, just that I don't want  
to take responsibility for advising it. I'm willing to take  
responsibility for telling 22 year olds to start startups. So what  
if they fail? They'll learn a lot, and that job at Microsoft will  
still be waiting for them if they need it. But I'm not prepared  
to cross moms.What you can do, if you have a family and want to start a startup,  
is start a consulting business you can then gradually turn into a  
product business. Empirically the chances of pulling that off seem  
very small. You're never going to produce Google this way. But at  
least you'll never be without an income.Another way to decrease the risk is to join an existing startup  
instead of starting your own. Being one of the first employees of  
a startup is a lot like being a founder, in both the good ways and  
the bad. You'll be roughly 1/n^2 founder, where n is your employee  
number.As with the question of cofounders, the real lesson here is to start  
startups when you're young.10. Independently wealthyThis is my excuse for not starting a startup. Startups are stressful.  
Why do it if you don't need the money? For every "serial entrepreneur,"  
there are probably twenty sane ones who think "Start another  
company? Are you crazy?"I've come close to starting new startups a couple times, but I  
always pull back because I don't want four years of my life to be  
consumed by random schleps. I know this business well enough to  
know you can't do it half-heartedly. What makes a good startup  
founder so dangerous is his willingness to endure infinite schleps.There is a bit of a problem with retirement, though. Like a lot  
of people, I like to work. And one of the many weird little problems  
you discover when you get rich is that a lot of the interesting  
people you'd like to work with are not rich. They need to work at  
something that pays the bills. Which means if you want to have  
them as colleagues, you have to work at something that pays the  
bills too, even though you don't need to. I think this is what  
drives a lot of serial entrepreneurs, actually.That's why I love working on Y Combinator so much. It's an excuse  
to work on something interesting with people I like.11. Not ready for commitmentThis was my reason for not starting a startup for most of my twenties.  
Like a lot of people that age, I valued freedom most of all. I was  
reluctant to do anything that required a commitment of more than a  
few months. Nor would I have wanted to do anything that completely  
took over my life the way a startup does. And that's fine. If you  
want to spend your time travelling around, or playing in a band,  
or whatever, that's a perfectly legitimate reason not to start a  
company.If you start a startup that succeeds, it's going to consume at least  
three or four years. (If it fails, you'll be done a lot quicker.)  
So you shouldn't do it if you're not ready for commitments on that  
scale. Be aware, though, that if you get a regular job, you'll  
probably end up working there for as long as a startup would take,  
and you'll find you have much less spare time than you might expect.  
So if you're ready to clip on that ID badge and go to that orientation  
session, you may also be ready to start that startup.12. Need for structureI'm told there are people who need structure in their lives. This  
seems to be a nice way of saying they need someone to tell them  
what to do. I believe such people exist. There's plenty of empirical  
evidence: armies, religious cults, and so on. They may even be the  
majority.If you're one of these people, you probably shouldn't start a  
startup. In fact, you probably shouldn't even go to work for one.  
In a good startup, you don't get told what to do very much. There  
may be one person whose job title is CEO, but till the company has  
about twelve people no one should be telling anyone what to do.  
That's too inefficient. Each person should just do what they need  
to without anyone telling them.If that sounds like a recipe for chaos, think about a soccer team.  
Eleven people manage to work together in quite complicated ways,  
and yet only in occasional emergencies does anyone tell anyone else  
what to do. A reporter once asked David Beckham if there were any  
language problems at Real Madrid, since the players were from about  
eight different countries. He said it was never an issue, because  
everyone was so good they never had to talk. They all just did the  
right thing.How do you tell if you're independent-minded enough to start a  
startup? If you'd bristle at the suggestion that you aren't, then  
you probably are.13. Fear of uncertaintyPerhaps some people are deterred from starting startups because  
they don't like the uncertainty. If you go to work for Microsoft,  
you can predict fairly accurately what the next few years will be  
like—all too accurately, in fact. If you start a startup, anything  
might happen.Well, if you're troubled by uncertainty, I can solve that problem  
for you: if you start a startup, it will probably fail. Seriously,   
though, this is not a bad way to think  
about the whole experience. Hope for the best, but expect the  
worst. In the worst case, it will at least be interesting. In the  
best case you might get rich.No one will blame you if the startup tanks, so long as you made a  
serious effort. There may once have been a time when employers  
would regard that as a mark against you, but they wouldn't now. I  
asked managers at big companies, and they all said they'd prefer  
to hire someone who'd tried to start a startup and failed over  
someone who'd spent the same time working at a big company.Nor will investors hold it against you, as long as you didn't fail  
out of laziness or incurable stupidity. I'm told there's a lot  
of stigma attached to failing in other places—in Europe, for  
example. Not here. In America, companies, like practically  
everything else, are disposable.14. Don't realize what you're avoidingOne reason people who've been out in the world for a year or two  
make better founders than people straight from college is that they  
know what they're avoiding. If their startup fails, they'll have  
to get a job, and they know how much jobs suck.If you've had summer jobs in college, you may think you know what  
jobs are like, but you probably don't. Summer jobs at technology  
companies are not real jobs. If you get a summer job as a waiter,  
that's a real job. Then you have to carry your weight. But software  
companies don't hire students for the summer as a source of cheap  
labor. They do it in the hope of recruiting them when they graduate.  
So while they're happy if you produce, they don't expect you to.That will change if you get a real job after you graduate. Then  
you'll have to earn your keep. And since most of what big companies  
do is boring, you're going to have to work on boring stuff. Easy,  
compared to college, but boring. At first it may seem cool to get  
paid for doing easy stuff, after paying to do hard stuff in college.  
But that wears off after a few months. Eventually it gets demoralizing  
to work on dumb stuff, even if it's easy and you get paid a lot.And that's not the worst of it. The thing that really sucks about  
having a regular job is the expectation that you're supposed to be  
there at certain times. Even Google is afflicted with this,  
apparently. And what this means, as everyone who's had a regular  
job can tell you, is that there are going to be times when you have  
absolutely no desire to work on anything, and you're going to have  
to go to work anyway and sit in front of your screen and pretend  
to. To someone who likes work, as most good hackers do, this is  
torture.In a startup, you skip all that. There's no concept of office hours  
in most startups. Work and life just get mixed together. But the  
good thing about that is that no one minds if you have a life at  
work. In a startup you can do whatever you want most of the time.  
If you're a founder, what you want to do most of the time is work.  
But you never have to pretend to.If you took a nap in your office in a big company, it would seem  
unprofessional. But if you're starting a startup and you fall  
asleep in the middle of the day, your cofounders will just assume  
you were tired.15. Parents want you to be a doctorA significant number of would-be startup founders are probably  
dissuaded from doing it by their parents. I'm not going to say you  
shouldn't listen to them. Families are entitled to their own  
traditions, and who am I to argue with them? But I will give you  
a couple reasons why a safe career might not be what your parents  
really want for you.One is that parents tend to be more conservative for their kids  
than they would be for themselves. This is actually a rational  
response to their situation. Parents end up sharing more of their  
kids' ill fortune than good fortune. Most parents don't mind this;  
it's part of the job; but it does tend to make them excessively  
conservative. And erring on the side of conservatism is still  
erring. In almost everything, reward is proportionate to risk. So  
by protecting their kids from risk, parents are, without realizing  
it, also protecting them from rewards. If they saw that, they'd  
want you to take more risks.The other reason parents may be mistaken is that, like generals,  
they're always fighting the last war. If they want you to be a  
doctor, odds are it's not just because they want you to help the  
sick, but also because it's a prestigious and lucrative career.  
[4]  
But not so lucrative or prestigious as it was when their  
opinions were formed. When I was a kid in the seventies, a doctor  
was the thing to be. There was a sort of golden triangle involving  
doctors, Mercedes 450SLs, and tennis. All three vertices now seem  
pretty dated.The parents who want you to be a doctor may simply not realize how  
much things have changed. Would they be that unhappy if you were  
Steve Jobs instead? So I think the way to deal with your parents'  
opinions about what you should do is to treat them like feature  
requests. Even if your only goal is to please them, the way to do  
that is not simply to give them what they ask for. Instead think  
about why they're asking for something, and see if there's a better  
way to give them what they need.16. A job is the defaultThis leads us to the last and probably most powerful reason people  
get regular jobs: it's the default thing to do. Defaults are  
enormously powerful, precisely because they operate without any  
conscious choice.To almost everyone except criminals, it seems an axiom that if you  
need money, you should get a job. Actually this tradition is not  
much more than a hundred years old. Before that, the default way  
to make a living was by farming. It's a bad plan to treat something  
only a hundred years old as an axiom. By historical standards,  
that's something that's changing pretty rapidly.We may be seeing another such change right now. I've read a lot  
of economic history, and I understand the startup world pretty well,  
and it now seems to me fairly likely that we're seeing the beginning  
of a change like the one from farming to manufacturing.And you know what? If you'd been around when that change began  
(around 1000 in Europe) it would have seemed to nearly everyone  
that running off to the city to make your fortune was a crazy thing  
to do. Though serfs were in principle forbidden to leave their  
manors, it can't have been that hard to run away to a city. There  
were no guards patrolling the perimeter of the village. What  
prevented most serfs from leaving was that it seemed insanely risky.  
Leave one's plot of land? Leave the people you'd spent your whole  
life with, to live in a giant city of three or four thousand complete  
strangers? How would you live? How would you get food, if you  
didn't grow it?Frightening as it seemed to them, it's now the default with us to  
live by our wits. So if it seems risky to you to start a startup,  
think how risky it once seemed to your ancestors to live as we do  
now. Oddly enough, the people who know this best are the very ones  
trying to get you to stick to the old model. How can Larry and  
Sergey say you should come work as their employee, when they didn't  
get jobs themselves?Now we look back on medieval peasants and wonder how they stood it.  
How grim it must have been to till the same fields your whole life  
with no hope of anything better, under the thumb of lords and priests  
you had to give all your surplus to and acknowledge as your masters.  
I wouldn't be surprised if one day people look back on what we  
consider a normal job in the same way. How grim it would be to  
commute every day to a cubicle in some soulless office complex, and  
be told what to do by someone you had to acknowledge as a boss—someone   
who could call you into their office and say "take a seat,"  
and you'd sit! Imagine having to ask permission to release  
software to users. Imagine being sad on Sunday afternoons because  
the weekend was almost over, and tomorrow you'd have to get up and  
go to work. How did they stand it?It's exciting to think we may be on the cusp of another shift like  
the one from farming to manufacturing. That's why I care about  
startups. Startups aren't interesting just because they're a way  
to make a lot of money. I couldn't care less about other ways to  
do that, like speculating in securities. At most those are interesting  
the way puzzles are. There's more going on with startups. They  
may represent one of those rare, historic shifts in the way   
wealth is created.That's ultimately what drives us to work on Y Combinator. We want  
to make money, if only so we don't have to stop doing it, but that's  
not the main goal. There have only been a handful of these great  
economic shifts in human history. It would be an amazing hack to  
make one happen faster.  
Notes[1]  
The only people who lost were us. The angels had convertible  
debt, so they had first claim on the proceeds of the auction. Y  
Combinator only got 38 cents on the dollar.[2]  
The best kind of organization for that might be an open source  
project, but those don't involve a lot of face to face meetings.  
Maybe it would be worth starting one that did.[3]  
There need to be some number of big companies to acquire the  
startups, so the number of big companies couldn't decrease to zero.[4]  
Thought experiment: If doctors did the same work, but as  
impoverished outcasts, which parents would still want their kids  
to be doctors?Thanks to Trevor Blackwell, Jessica Livingston, and Robert  
Morris for reading drafts of this, to the founders of Zenter  
for letting me use their web-based PowerPoint killer even though   
it isn't launched yet, and to Ming-Hay Luk  
of the Berkeley CSUA for inviting me to speak.  
Comment on this essay.