the goal with Tesla was really to try to

show that what what electric cars can do

because people had the wrong impression

we had to change people's perception of

an electric vehicle because they used to

think of it as something that was slow

and ugly and had low range kinda like a

golf cart and whoops so that's why we

created the Tesla Roadster to show that

you can be fast attractive and and long

range and it's amazing how even though

you can show that something works on

paper you know and the calculations are

very clear until you actually have the

physical object and they can they can

drive it it doesn't really sink in for

people and so that that I think is is

something worth learning if you're going

to create a company the first thing you

should try to do is create a working

prototype

you know everything everything looks

great on PowerPoint

you can make anything work on PowerPoint

but if you have an actual demonstration

article even if it's in primitive form

that's much much more effective for

convincing people

also helpful because it's anything to do

with software is a low capital endeavor

so I didn't have any money and just had

a bunch of student debt but but software

you can just write like by yourself and

you don't need a lot of atoms like you

don't need a lot of tooling and

equipment and so it's like capital

intensive so the ability to start a

company if it's software related and

it's the first company is much much

easier and it seems obvious now that of

course the easier place to start and

then as you get more of a personal

reputation and have more personal

capital as some Marian I know SpaceX was

almost what was entirely funded by Elon

for its first period partially from you

know in an era when others probably

wouldn't have funded it in those arrives

two days

that you get into given that you know

even if you if you're the best the best

there's always a chance of failure so I

think it's important that you really

like whatever you're doing if you don't

like it

life is too short

number three I'd says it constantly seek

criticism a well-thought-out critique of

whatever you're doing is as valuable as

gold and you should seek that from

everyone you can but particularly your

friends usually your friends know what's

wrong but they don't want to tell you

because they don't want to hurt you so

yeah so there you know that's I would

encourage my friends so I'm not gonna

tell him what I think is wrong with this

product

yeah it doesn't mean your friends are

right but right often they are right and

you at least want to listen very

carefully to what they say and to

everyone you're looking for basically

you should take the approach that that

you're wrong you know that hope that

that you the entrepreneur are wrong your

goal is to be less wrong a lot of it in

creating company is execution like you

start off with an idea and that idea is

mostly wrong and then you adapt that

idea and keep refining it and you listen

to criticism some criticism you discard

the try to discard the wrong criticism

try to listen to the correct criticism

and then engage in sort of recursive

self-improvement and constantly refining

it and making it better

maybe it's helpful to say one of the

things that was important than in the

creation of PayPal was worse it was kind

of how it started because initially the

initial thought was with PayPal was to

create an agglomeration of financial

services so if you have one place where

all your financial services needs would

be seamlessly integrated and and work

smoothly and then we had like a little

feature which was to do email payments

and whenever we'd show that show the

system off to someone would show the

hard part which was the the

agglomeration of financial services

which was quite difficult to put

together nobody was interested then we'd

show people email payments which was

actually quite easy and it

was interested so this is a I think it's

important to take feedback from your

environment you know it's it you want to

be as closed-loop as possible and so we

focused on email payments and really try

to make that work and that's what really

got things to take off but if we hadn't

if we hadn't responded to what people

said then we probably would not have

been successful so it's important to

look for things like that and and focus

on them when when you when you see them

and you're correct your your prior

assumptions try to get as much critical

feedback as possible from friends and

you have to ask but you have to coax it

out of them because they'll be reluctant

to say it because they don't want to

hurt you but they if they know what's

wrong with your product just yeah you

need to get it out of them but it is

generally true that innovation comes

from questioning the way things have

been done before yeah and if in the

education system you're taught not to do

that that will inhibit entrepreneurship

I think that something

looking Vani that there's no fear of

failure but yeah culturally in this rude

I think this fear of failure I simply

have fear of failure you know but it

didn't stop no you're not gonna ask you

about that one message to that potential

entrepreneur waiting to make the job

well I mean certainly I think people

people should ignore fear if it's

irrational and and if it's but even if

it's rational and the the stake is worth

it slow with proceeding what are the

range of probable outcomes outcomes are

usually not deterministic they're there

they're a range and so you want to

figure out what those probabilities are

and make sure ideally that you or the

house you know it's fine to take it's

fine to it's fine to gamble as long as

your the house yes if it but I do you

think that one great thing about the

Silicon Valley is failure is not a not a

big stigma so it's like if you if you

try hard and it doesn't work out that's

okay

like you can learn from that and you

know do another company and it's not a

big deal and that's that's really one of

the great things about Silicon Valley

and then I think there's the vile thing

cause you to do is now is the time to

take risk you don't have yeah you know

you don't have you don't have kids your

obligation to all seven probably don't

this the the the but but as you as you

get older your obligations increase so

your and once you have a family you

start taking risk not just for yourself

but for your family as well it gets much

harder to do things that might not work

out so now is the time to do that before

you before you have those obligations so

I would encourage you to take risks now

do something bold you won't regret it

so in order to have a great company

you've got to have you've got to focus

your energies on a particular area

somebody Steve Jobs was that that I

think was quite admirable was here's

ultra product focus like down to the

little detail he and other people at

Apple would would really try hard to

have these both at a high level and a

small level these delightful things

happen so you just that the product was

just it just made you happy what we

aspire to do is to make the car so

compelling that even with low gasoline

prices it's still the call you want to

buy yeah that's I mean the only thing I

can think of that's the only sort of

what else we could do really you have to

make it compelling yeah advice I'd give

to people starting company to

entrepreneurs in general is really focus

on making a product that your customers

love and it's so rare that you can buy a

product and you love the product when

you bought it this is this is there are

very few things that fit into that

category and if you if you can come up

with something like that your your

business will be successful for sure

that means long as people stay super

focused on creating an absolute best

product or service that really delights

their end customer like if they stay

focused on that then basically if if you

get a such that your customers want you

to succeed then then you probably will

all right you have to focus on the

customer delivering for them yeah make

sure if your customers love you you will

your odds of success are dramatically

higher I think really an obsessive

nature with respect to the quality of

the product it is very important so you

know being obsessive-compulsive is a

good thing and this context I'd say

focus on on signal over noise a lot of

companies get confused they they spend

money on things that don't actually make

the product better so for example at

Tesla

we've we've never spent any money on

advertising we put all the money into

R&D and manufacturing and design to try

to make the car as good as possible

and I think that's but that's the way to

go so if we're for any given company

just keep thinking about are these

efforts that people are expending are

they resulting in a better product or

service and if they're not stop those

efforts I think a lot of people think I

must spend a lot of time with media or

on business II things but actually

almost also my time I eighty percent of

it is spent on engineering design in

engineering and design so it's

developing the next generation product

that's eighty percent of it a lot of

times you know entrepreneur will come up

with something which is only slightly

better and it's it's not you can't just

be slightly better it's gotta be a lot

better so make sure that whatever you're

doing is a great product or service it

has to be really great if you're a new

company I mean this it's like some new

industry or new market that if it's an

untapped market or then then you have

more ability to give is this the

standard is lower for your product or

service but if you're entering anything

where there's an existing market place

against lodge and trenched competitors

then your product or service needs to be

much better than theirs it can't be a

little bit better because then you put

yourself in the shoes of the consumer

and they say why would you buy it as a

consumer you're always gonna bribe the

trusted brand unless there's a big

difference

well I think that the most important

thing for creating companies is is you

need a concentration of talent you know

yeah it's like creating a you know think

of like a like a world sports team or

something

you really want to focus your talent on

a particular area and and that's what

company is there's a group of people

that got together to create a product or

service

and then make sure that from a

regulatory standpoint and efforts in

ERISA regulations and taxation and

government support that it's there for

start-up companies and and that it goes

from startup all the way through the

medium phase of the company because

where most companies tend to do not make

it is not so much at that very beginning

stage it's that it's that intermediate

stage so they'll can't can they sort of

reach escape velocity as a company and

and when when a new companies formed and

you're going up against established you

know big established companies you

trying to build some kind of credibility

and it seems incredibly important that

companies are no shirt through that face

I mean it's just like a little sapling

growing in a redwood forest you know

you've got these giant companies if you

don't get a little bit of sunlight

nutrition it's game over there's a

friend of mine he's got a great saying

about creating a company it creating

turnable the company and have it succeed

is like eating glass and staring into

the abyss so I mean what tends happen is

it's sort of quite exciting for the

first several months of starting a

company and then then reality sets in

things don't go as well as planned

customers aren't signing up the

technology of the part isn't working as

well as you thought and and then can

that consumers be compounded by a

recession and it could be very very

painful for several years frankly

starting a company you advise people to

have a high pain tolerance do you fear

that maybe an in this generation or the

the younger generation that they don't

have that perseverance and grit to take

on these really tough challenges I think

some people do and fit but no I think it

is definitely true that I mean maybe

there occasionally companies that get

created work where there's not an

extended period of extreme pain but but

I'm not aware of you know very many so

such instances so but I do think that

the the new great entrepreneurs are born

of everyday

and we'll continue to see amazing

companies get built yeah but I thought I

would definitely advise people reciting

company to expect a a long period of

quite high difficulty

did you say that

common mistake hiring mistake was

weighing too much on someone's talent

and not in someone's personality and I

think it matters whether someone has a

good heart

it is yes absolutely so it it that's

that's generally where if I say words of

the hiring mistakes that I've made in

the past it's it's been it's been just

as I said it's it's looking too much at

their intellectual capability alone and

not on how they affect those around them

and it what really matters is for for

for someone's contribution to a company

is how they are as individual and how

they affect others around them you could

say it's also analogous to a sports team

you know if someone the best person on

the team is not necessarily the one who

scores the most goals it could be the

person who assists in the most goals and

and if somebody is if there's one person

a team who's just just wants the ball

all the time it just wants to kick it at

the goal that can actually be

detrimental and so it's it is important

to to to weigh personality and just you

know are they gonna be a good person and

what people like working with them and

that kind of thing it's didn't doesn't

make a difference if you're creating

company or if you're joining a company

the most important thing is to is to

attract great people so either be will

join a group that's amazing that you've

really respect or if you if you've

building a company you've got to gather

great people I mean all the company is

is a group of people that have gathered

together to create a product or service

and so depending upon how talented and

hardworking that group is and the

greeter which they are focused

cohesively in a good direction that will

determine the success of the company

so do everything you can to to gather

great people if you're creating a

company

you know in terms of creating a company

you know what Edison said what which was

like its 1% inspiration 99% perspiration

is true if to work super hard and that's

it that's very important I think

certainly extremely tenacious and and

then just work like hell I mean you just

have to put in you know 80 hour 80 100

hour weeks every week and then matter

like that but all those things improve

the odds of success okay

I mean if other people are putting in 40

hour work weeks and you're putting in

100 hour work weeks then even if you're

doing the same thing you know that in in

one year you will achieve what that she

you you will achieve in four months what

it takes them a year to achieve if

anyone help well you want to do and

particularly if you're starting a

company you need to work super hard so

what is super heart mean well when my

brother and I was starting out first

company instead of getting an apartment

we just rented us a small office and we

slept on the couch and we showered at

the YMCA and we're so hot up we had just

one computer so the the website was up

during the day and I was coding at night

seven days a week all the time and I

sort of briefly had a gopher in that

period and in order to be with me she

had to sleep in the office so I work

hard like and it mean every waking hour

that's that's the the thing I would I

would say if you particularly if you're

starting a company and I mean if you do

simple math to say like okay if somebody

else is working 50 hours when you're

working 100 you'll get twice as done as

much done in the course of a year as the

other company

well we don't think too much about what

board competitors are doing yeah just

because I think it's important to be

just focused on making the best possible

products you know it's sort of maybe now

I guess to what this about you know if

you're in a canoe if you if you're in a

in a race is it don't worry about what

how the other what the other runners are

doing you just run yeah the gold tester

from the beginning has been to

accelerate the advent of sustainable

transport so we we actually did some

partnerships we did one with Mercedes

and one with Toyota and you know from so

stripey and everything so the whole

purpose of of it was really to

accelerate the advent of sustainable

transport so I'm it's always great to

hear when other car companies are making

electric cars

[Music]

[Music]

bird failure in a row did you think I

need to pack this in

why not I don't ever give up I mean I'd

have to be dead or absolutely

incapacitated and when one does have to

be focused on the short term and money

coming in when creating a company

because otherwise the company will die

so that I think that a lot of times

people think like creating company is

gonna be fun I would say it's not it's

really not that fun I mean there are

periods of fun and there are periods of

where to where she's awful and

particularly if you CEO of the company

you actually have a distillation of all

the worst problems in a company there's

no point in spending your time on things

that are going right so you only spend

on things on your time on things that

are going wrong and and there are things

that are going wrong that other people

can't can't take care of so you're like

the worst you have a filter for the

crappers problems in the company most

pernicious and painful problem so I

wouldn't say it's its it I think you

have to feel quite compelled to do it

and have a fairly high pain threshold

and there's a friend of mine who says

like starting companies like staring

into the abyss and eating glass there's

some truth to that we're starting to the

best part is that you're going to be

constantly facing the extermination of

the company because most most startups

fail it's like 90 percent probably 99%

of starkville so I so you that that's

the staring into the abyss part you

can't stir constantly saying okay if I

don't get this right the company will

die and and then the eating glass part

is you've got you've got to do you've

got to do the problems you're gonna sell

you're gonna work on the problems that

the company needs you to work on that

problems you want to work on and so that

the that's you and I've working on

problems that that you'd really wish you

weren't working on okay so that's the

eating grass part then that goes on for

a long time and maybe there are

occasionally companies that get created

work where there's not an extended

period of extreme pain but but I'm not

aware of you know very many of such

instances I would definitely advise

people there's not any company to expect

a long period of quite high difficulty

I'd say starting a business is not for

everyone generally starting a business

I'd say number one is have a high pain

threshold but that's the friend of mine

who's got a good saying which is that

signing a company is like eating glasses

staring into the abyss that's generally

what happens because when you first

start a company there's lots of optimism

and things that things are great and

then so happiness at first is high then

you encounter all sorts of issues and

happiness will steadily decline and then

you'll go through a whole world of hurt

heads and then eventually you'll if you

succeed and in most cases you will not

succeed and and Tesla almost didn't

succeed came very close to failure then

if you succeed then after a long time

you will finally get back to happiness

I think certainly being for

on something that you're confident will

have high value to someone else and just

being really rigorous in making that

assessment because people are attend

tend to natural human tendency is

wishful thinking so a challenge for

entrepreneurs is to say well what's the

difference between really believing in

new ideals and sticking sticking to them

versus pursuing some unrealistic dream

that doesn't actually have merit and

it's it's that is it that is a really

difficult thing to to tell you can you

tell the difference between those two

things I know so you need to be sort of

very rigorous in in your self self

analysis and then just keep making sure

you keep iterating on a loop which says

am i doing something useful for other

people because that's what a company is

supposed to do you know a company is

just a group of people gathered together

to produce a product or service and a

company should only exist if that

product or service is truly useful to

customers how should someone figure out

how they can be most useful or whatever

this thing is that you're trying to

create what would what would be the

utility Delta compared to the current

state-of-the-art times how many people

it would affect so that's why I think

having something that has a that's that

has a mix makes a big difference but

effects a sort of small to moderate

number of people is great as is

something that makes even a small

difference but but affects a vast number

of people like the area yeah under you

know under yeah exactly right every one

of the curve is would actually be

roughly similar for those who think I

think having a purpose suddenly is going

to attract the the very best talent in

the world because if if people can if

it's something it's intrinsically

enjoyable and the rewards are good but

then also it's something that's gonna

genuinely change the world and that's I

think that's a pretty powerful motivator

but I don't think you're like everything

needs to change the world you know you

know honestly like there's lots of like

useful things that people do and I mean

I think it really it should be like a

usefulness optimization like just say

like is what I'm doing as useful as it

could be did you talk about the goal of

an organization or go in general yeah

and you know just even if something

isn't changing the world if it's make

making people's lives better I think

that's that's great and you know if even

if some things like making only people's

eyes only slightly better but it's a

large number of people in kind like the

area under the curve or is it's quite

good as that mathematical first

principles a point utility in numbers

like I mean it looked like one could say

like said like it's like some app really

making people's lives better if it's

better but if it's affecting a lot of

people even in a small way then yeah

that these sort of area is good mmm so

there's something fundamentally wrong

with profit in fact profit just means

that people are paying you more for the

that whatever you're doing then you're

spending to create it that's a good

thing and if you're not if that's not

the case then you'll be out of business

and rightfully so you're not adding

enough value

[Music]