lecture 13: How To Be A Great Founder

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As I looked through the syllabus of this class and thought what would be useful skills, what I’ve been thinking about is how do you see yourself as a founder? How do you think about what the skill set is? And what are the things you should be thinking about in terms of: am I ready? How do I get ready? Is it the right thing for me? These sorts of things.

So let's start with the perception of what a great founder is. And classically this tends to be Steve Jobs, Bill Gates, Elon Musk, Mark Zuckerberg, Jeff Bezos. And it's an image of founder as Superwoman, or Superman, who has this panopticon of skills. I can use the word panopticon because I am here at Stanford. It's things like, I can do product market fit. I am great at product, I am great at strategy, I am great at management. I can fundraise. I can do all of these skills and the thing you are looking for in a great founder, in the idea of the founder as a super person, is I am looking for someone who is awesome at all these things. They are well rounded, they are diverse. They can bat on all skills.

And part of how I found this emphasized, in the beginning of my own entrepreneurial journey, I remember reading an article that said Bill Gates is smarter than Einstein. And you are like, Bill Gates is really smart and is very accomplished, but I am not sure smarter than Einstein is really a phrase that even Bill Gates wants to be next to. It's partially because of this image of a founder as super person. Which is, a great founder can do anything. Jump over tall buildings in a single bound, all of these sort of things. And the reality is that a founder is someone who deals with all these different headaches and no one is universally powered.

Generally speaking you hope to have a couple super powers. Some things that are a unique edge to you, some things that are unique to the problem you are trying to solve, some things that will help you get an edge. Because competitive differentiation and competitive edge is super important. But it's not actually a function of genius.

And frequently it's very hard to tell the difference between madness and genius because usually it's the results that play out. Sometimes when dealing with uncertain environments you may even be genius and later may be thought to be a mad person. Or you may be a mad person and turn out lucky, you may turn out genius. It's actually a challenging set of how do you think about these sets of skills. And when us, mere mortals come into this sort of battle, what is the right way to think about it?

So when I thought about this question, on how is one a great founder, these are all skills that are super important. These are all things that you say, okay, this is really really important to do and you must in fact do this well. And it begins to look like a superhuman task. And what I did was decide to take a superset of these and focus on the interesting things to think about. What is it that actually makes a great founder? Because it's not actually that you score ten out of ten of these, you become the entrepreneurial olympian. You are actually the best at all these things.

So let's start with team. One way, I think, to explode the myth of super founder is usually it's best to have two or three people on a team rather than a solo founder. It's not to say that solo founders don't actually play out and they can, successfully. But most often two or three people is much better. When I look at these things as an investor, and I say what is a good composition of a project and founders that are likely to succeed, it's usually two or three of them. And the reasons are, we have already talked about that there's this very broad set of skills. There is this whole set of questions on how you adapt your company or be successful. If you have two or three founders, you have different skills you can compensate. Because, by the way, everyone has weaknesses. You can compensate for each others weaknesses. In the diversity of problems you encounter as a founder, you can actually attack them.

Other things I suggest when you look at, essentially, a founding team, is to have a real high preference for having co-founders, having a high degree of trust for those co-founders, because one other way on the whole entrepreneurial thing to die is you get a year down the road with your co-founders and then you are going through a messy divorce. That is not always but frequently fatal. And also the diversity of the tasks that you do. The next thing is location.

Frequently, I have had told to me, Oh Silicon Valley aggregates all this super talent, which it does. The reason why Silicon Valley startups are so successful is because all of these great people--immigration which is hugely important for talent and founders that immigrate here. Now if you think about it from basic math, even if you take something that Silicon Valley is super strong at, which is essentially software skills in the last two decades, not all the great software companies move here. Not all of them can move here. There are many of them in other various parts of the world. And so why do I put choice of location up there? It's one of the things it comes down to in thinking whether or not you are a great founder. Well the reason is, because of what great founders do is seek the networks that will be essential to their task. And they realize it's not just about, I am superman, I can do this anywhere. I can do this in Antarctica, etc, in order to be successful, I have to go to where the strongest networks are for the particular kind of thing that I am doing. And Silicon Valley, by the way, is super good at some kind of tasks, some places that you essentially try to solve certain types of problems. But it's not good at all of them. Let me take two examples.

One is Groupon, I don't think Groupon could have ever been founded here. Even though it's a software product, it even generates a network. Obviously a lot of the great networks are here and use internet technology as a mobile product and everything else. All of which we have a lot of great skill here in Silicon Valley and the networks are really good for this. One of the things that was central for Groupon for it's early days, was having massive sales forces. And a massive sales forces, strengthens and weakens a workforce, tends to go together. Silicon Valley, tends to be pretty adverse to plans that involve, Oh we are going to rent a twenty-five story building and in twenty of those stories we are going to have floors of sales people. And thats how we are going to get our thing going. That kind of plan here tends to not get a lot of interest, tends to get a lot of criticism, tends to not have talent aggregate to it, tends to have financiers talk about things like cap efficiency, and network effects, and other kinds of things that are key here. And so it's actually not a surprise that in fact, Groupon was required to be in Chicago, which is really good at this, as a way of getting going and showing that even software startups can be in other places. But even if you begin to think about it, you say what kind of other kinds of startups would someone be an idiot to move here to do.

Think of someone doing a fashion start up, not fashion a la Poshmark which is a mobile marketplace that are a bunch of things good here. But I'm designing a new fashion company. And I'm going to come to Silicon Valley to do it. That's actually not a great idea. The fashion company might be a great idea but you want the networks that support what you are doing. So part of the reasons why, where should I locate my start up, is a test for thinking about am I great founder is because part of the thing that happens when you are founding a company is, I will go to where this is successful to do. The metaphor I often use for entrepreneurship is jumping off a cliff while assembling an airplane on the way down. And the reason I do is because it's hard, it has a quasi mortal exit, which are default dead so you start taking every possible chance to actually win. So great founders will move to where the network is. This network is graphically Silicon Valley for tech startups, for mobile, for marketplaces this is a really good place to do it. For a bunch of other things, you should think about a different location.

Now here is something that's very en vogue. Very conventional to say you're a contrarian these days. So let's talk a little about what what a contrarian actually is. So it's actually pretty easy to become contrarian. It's hard to be contrarian and right. Particularly when you are thinking about, is my idea contrarian or contrarian enough. How does a smart person actually disagree with me? Because if you can't think of a smart person who isn't just ignorant or just crazy or anything else, but is a smart person that is somewhat of an expert may think that your idea has some serious challenges than it actually isn't contrarian. Contrarian is relevant to an audience. So when you are thinking about contrarian in terms of a really good contrarian idea is like, say it's consumer internet, okay what would other consumer internet people think is actually in fact not a good idea. And part of when you think about contrarian is to say, okay what do I know that others don't know? Because it isn't just, oh I'm brilliant and other people aren't, it's the reason my contrarian thing is right. It's a very bad test, that happened to be true, of course lightening can strike you in the field. So think a lot about what is it that I know that other people don't know. For example, in the very early days of LinkedIn, part of what I advise all founders to do is talk to every smart person who will talk to you and give you feedback. So with LinkedIn I walked around and said here's my idea, what do you think?

Two thirds or more of my network, including some very smart people, all thought I was nuts. The reason why they thought I was nuts was because I said it's a network product, it's only valuable with a bunch of people in it. The first person has no value until they invite the second one. Second person, first person have no value in it they already know each other. When do you actually begin to deliver on your use case, which is 500K to a million people. And so you are never going to get to size. It's never going to grow. Now what I knew was that the critics didn't know was that I could think of a set of different way by which people would say hey look I believe in the vision of this. I think it's interesting, or I think a product like this should exist, or I'm willing to play around with it. And I can level those sets of interest to grow the network to get to enough size that you can begin to deliver on the value propositions which Linkedin had. And that was the specific thing that I knew that the critics weren't thinking about. So when you think about being contrarian, you have to think about how is it that smart people disagree with me, that disagree with me from a position of intelligence. And there is something that I know that they don't know that will actually play out to be true. Now in this case, in general, as a founder it's good to be contrarian in the real sense.

Now the last part on the contrariness is to think about, there are lots of different ways to be contrarian. For example, a frequent one will be, others think you have a good small idea, but actually that's not small, it's large. Or actually in fact you can assemble the talent or while most consumer cellular startups tend to be, another LinkedIn example, only successful with the rocketships, actually a compounding curve can be very very valuable. LinkedIn never had it's rocketship moment, it was compounded year by year. But in consumer internet that becomes atypical in the pattern.

So here you begin to get to a bunch of sorts of problems that essentially founders run into. Well should I be doing the work? Or should I be recruiting people and delegating the work? And classically the answer to this is, actually in fact you need to do both. In fact, not only do you need to do both, you need to sometimes do one at 100% and sometimes the other at 100% and even though this is not so good at math, both at 100%. And so what you will see, this is sometimes classic, when you start thinking about what makes you a great founder, is you navigate what are apparent paradoxes. Another one I frequently talk about is, you've got to be both flexible and persistent. And the reason for this is entrepreneurs are frequently given the advice to have a vision, stay firm against your adversity. Realize that you have this vision that is contrarian to what people think and just stay on track. Get through the difficult times and get there. The other piece of advice given with each equal vigor is listen to data, listen to customers. Pivot, be flexible. Part of the thing this comes out to be in terms of being a great founder is to say well, when should I be persistent and when should I be flexible. And the vehicle I most often use for this is you should have a project you are doing, like a company, an investment, a thesis that essentially says why you think, possibly contrarian, why you think it is potentially a good idea. It should include what you know you think other people don't know.

And then as you are going into the battlefield, you go am I in fact increasing confidence in my investment thesis? Or decreasing value in my investment thesis? Because if I am increasing confidence then I hope to stay on track. Be persistent and, by the way, sometimes even with adversity your confidence can increase. If it's decreasing that doesn't mean jump out. Paypal, LinkedIn, Airbnb, a whole bunch of startups I've been a part of have had months where you are like, Oh my god why did we ever think this was a good idea? It's kind of a valley in the shadows moment. For example, at PayPal, it was August 2000, we were bringing in twelve million and the expense curve was exponentiating, we had no revenue, and a decrease in confidence. However we said, what do we do in order to fix that and that gives you your immediate action plan.

Another one is, should I have belief or should I have fear? Should you essentially go, well I have this vision of the way the world should be and I should ignore everything else and I should just go with that. Well again, part of what being a great founder is, is being both able to hold the belief, to think about where it is you want to be doing and want to be going, but also be smart enough that you are essentially listening to criticism, negative feedback, competitive entries. Where you are going, okay is this changing my investment thesis? Is this changing what I am planning on doing? It doesn't mean you lose confidence, you have the confidence but you also essentially have the patience. Again in this kind of thing is how do you put these two things together. Should I focus internally? Should I build a product, ignore the world, ignore competitors? Or should I focus externally, should I be recruiting? Should I be meeting people? Should I be gathering network intelligence? Again the answer is both. And the reason why I'm focusing on these type of habits, it's both rather than either or, is part of what makes a great founder is the ability to be flexible across these lines. To sometimes be 90% one way, sometimes be 80% the other way. Be executing the judgement on what does the current problem look like?

How is it that when I am trying to solve this that I should say this is what we should be doing and how should I be dividing the work? Part of when you think about these things is you say, this is another one that is classic, is people say well I am completely motivated by data its what customers say to user groups. I have a lot of entrepreneurial mythological, other kinds of things to talk about is gathering data, be guided on the data. Well actually in fact, data only exists in the framework of a vision that you are building, a hypothesis of where you are moving to. And the data can even be negative and you can think, well actually in fact this negative data means that I need to change or alter the way that I'm thinking about something. But I actually keep on a specific vision about what I'm doing. And by the way, sometimes when you have the specific vision you don't necessarily actually ever end up at that big vision that you were thinking about.

So for example, you know at PayPal we distributed these tshirts that said the new global world currency. Well actually in fact, I know Peter has been here, one of the jokes I told Peter was actually we do have this new world currency, what we are trading is in dollars you may have heard of it, it existed for a while. Where essentially a mass merchant for that-- now of course this is message is what's happening with Bitcoin though thats a whole nother topic there. However, the key thing is that vision saying we’re creating a universal network that allows anyone to pay anyone to be a merchant to bring the electronics into the speed of commerce at any business that is being transacted. That vision kept a true north, but first we say well first we are going to have a banking model, then we think we are going to have a debt model, we are actually going to have a mass merchant model. How does that actually play out? So you are always combining the vision and the data, and data is within the framework of the vision. And sometimes the course of what you learn changes your vision.

Now this is actually one of the ones that I we save this special picture for one of the ones that I actually think is quite key.

Normally entrepreneur founders are thought about as being the risk takers. Where everyone else cowers in fear at this notion of risk, they boldly go out. Now that's true, you have to be a risk taker, you have to be thinking about how do I make a really coherent risk because in fact the only really big opportunities, the only contrarian opportunities smart people disagree with you on happen to be ones that have more risks associated with them. On the other hand, part of the skill set, that when you are beginning to apply how you think about risks as an entrepreneur is how do I take intelligent risks? How do I take a focused risk, but if I'm right about that one thing then a bunch of other things break my way. And once I start doing that I try to figure out how to make my own shot possibility as high as possible? How do I minimize other risks? How do I essentially take this risk in an intelligent way that doesn't just go, oh yeah risk to the wind who cares but lets go. So this kind of combines that, this image is the best of the images that we found, is kind of the sense of that. Now back to what I was saying in terms of having an investment thesis.

Part of having a thesis is you chart it out as a list of bullets. For example with LinkedIn, everyone was going to be benefited by a public professional network, everyone will realize, including companies, that it's better to have it play out this way. The initial setup adoption will come from essentially people who visualize the world, play with it, and eventually the mass market will come on as they begin having a network, that is already having a network, with value proposition to them. That's what an investment thesis can look like and then you have economics, initially recruiting, and broadening those things.

You have that investment thesis, and you say is my investment thesis increasing or decreasing confidence? Do I think that the data that I get from the market, when I talk to smart people, how does that change my confidence in it? This is how you minimize risks. For example, very early days in Paypal, part of what happened was they said they were going to do cash and mobile phones with cash on Palm Pilots because its really easy. We actually realized the cash from Palm Pilots wouldn't work even before we launched the product. Basically what happened I went in and said to Max and Peter, I said here's our challenge--this group probably doesn't remember what Palm Pilots where, they were early PDA’s. And so we lived in what was Palm Pilot central and the whole use case was splitting the dinner tab and everyone at table would have a Palm Pilots budget tab. Zero to one in every single restaurant. So you could, even by just thinking through the direction you are on you are going to hit a mine field and you need to pivot. And thats when Max Legend came up with the idea saying action packed sent by email. We can have email payments as the backbone of this and we were like yeah thats a good idea. Of course that what the whole thing pivoted into. And that is part of thinking though minimizing the risks as you are executing.

Here's another one that's kind of classic which is, should I have this long term vision or should I be solving a local near term problem? Again the answer is both these paradoxes. And the question is, you should jump between them. You should always have a long term vision in mind because if you actually completely lose your directions eventually you will find yourself somewhere in field thats not a good path out of. But if you are not focused on solving the problem thats immediately in front of you you're hosed. So part of the question about how to put these things together is you say, okay short term- what's the thing I need to be doing today? Have I made progress today? have I made progress this week? But is it largely on path? So I will give you an example of how this plays out in terms of financing or in terms of strategy. People frequently think product strategy is fundamental to how startups- I have a product idea, thats a thing, I'm a founder. Actually the next level down on strategy is usually product distribution and whether its consumer internet or enterprise, or anything because actually in fact no matter how good your product is if it doesn't get the customers you’re hosed.

So usually you have to have product distribution. It is more fundamental than what the actual product is. And the one below it is financing. The reason it's financing is because if you run out of money and the whole effort goes away, even if you have a really good idea, it doesn't work. So frequently when you are executing on a good strategy you are actually in fact, when I am raising money, this fundraising, I'm thinking about the next fundraiser. I'm thinking about how I'm set up for it, I'm establishing relationships that would be key to that. And I'm not executing like, oh the only thing that matters is I get to the next fundraising. You have this business that you are building, but I'm thinking that as a core strategy in terms of how I'm executing frequently you are thinking how does my product distribution work such that the financing works well. And that's kind of how you architect these things together.

So how do you know you might be a great founder? Well you should have some super powers. It's generally speaking useful to be a good product person. It's useful to have good skills about leadership, bringing networks in, persuading people, and it's useful to be able to- and this is kind of fundamental, is recognized whether you are on track or not. To have that kind of belief but also paranoid about am I tracking against my investment thesis? And when you do that the right way and you are learning and you are assembling people and you are assembling that around you. That's generally speaking how you end up being a great founder. Now classically, and I deliberately put up five white male pictures, is classically you have, these are the iconic founders. But in fact, founders can be very diverse. They can be extraordinarily talented at different areas because there's different kinds of external companies. There's different kinds of problems that they are trying to solve. And I don't mean diversity in term of gender, race, etc. Diversity in age, diversity in experience. Jack Ma was a teacher before he got into this. That's the kind of thing that you should think about.

So the question is how you cross uneven ground? How you assemble networks around you? How you get people to assemble? It's a constantly changing problem to face when you are trying to found a company. So I think the thing I was trying to get people to think about was, this is to say, there is not one skill set, there is an ability to learn and adapt. And an ability to constantly have a vision that's driving you but to be taking input from all sources and then to be creating networks all around you. And that's essentially what makes a great founder. So your ability to do that while crossing uneven ground in the fog, which is kind of the way entrepreneurs, did you always know this was going to work? No, unless you are crazy. Although sometimes crazy works. So with that I will now go to a few questions. But it was kind of this mindset of founders which is kind of key. And if theres' no questions, oh here.

Q: I'm curious how you targeted, you selected a different strategy to strengthen your investment thesis and help it take off. It seems like every startup faces that same challenge.

A: So one really fundamental thing is to think about product distribution as key. And for LinkedIn we had a couple things going for us. One, the web was boring in 2003. Basically what happened was everyone thought that consumer net was over. So people were doing clean tack and enterprise software and everything else. It's a much harder problem now. Because everyone thinks the internet and mobile is interesting. So breaking through the noise is really the key. So the strategy we used wouldn't work. We just basically set up, sent out some invitations to a group of people, and then tuned the mechanism, did PR. One of the people, one of the decisions we made early that was right was to say should we only allow it as invite only or should we allow cold signups? The reason we should allow cold signups is because the people who are super enthusiastic about this weren't necessarily the people we know said they would sign up and spread it. That sort of thing were all the kind of decisions we made. Now that challenge is much harder. The challenge when you think about product distribution is how are you competing for potential customers or potential members time? And what are they-what do they have to believe in? Back in 2003 was like oppression may not work that's potentially a good idea. What the hell? I’ll play with it theres not a lot of other things for me to look at. Today theres tons of things. So your strategy today when you are looking at product distribution has to be what is my really decisive edge? What is the hack that I know that other people don't?

Q: How do you know if someone is a good founder or not?

A: I'm a huge believer in references. I only meet with someone when they come to me through a reference. So one of the things by the way is after this I have to run off because I have a meeting to get to. If you want to get time and attention with me, find a reference. That's not a pitch to using LinkedIn, it's a question of this is how you sort out time. Like Sam knows me, and so a reference to me is in fact the way I do this. So example, when I met with the AirBnB guys a part of the reason why I could interrupt them two minutes into their pitch and say, Im going to make you an offer to invest. I want to hear the rest of the pitch because I think what you are doing here is magical and awesome. Was because I had already had references on them. That was only two minutes, not thirty minutes. Because I had already knew about them before coming in. And by the way, by and large that is some version of what is true to most great investors. And its that network that's really key.

Q: Do you believe destiny of insight to be a great signal for great founders?

A: I would definitely say that the ability to say coherently what you are targeting, to articulate something that isn't trying to boil the ocean, or a swiss army knife approach. One focus, like you are right about this and it works. That is actually pretty important in being able to judge a founder. Because if you don't have that level of clarity, you are not going to be able to assemble the network behind you. You are not going to be able to get investors, you are not going to be able to get employees, you have to be able to articulate a very clear mission about what you are doing. Insight is helpful although a little bit of this depends on the stage. I find myself attracted to founders who have analyzed the problem in a good way. But often times I have seen great founders who have not present good analysis but have an instinct about what they are doing. So you more chart what is going on around them.

Q: How do you keep persistence when starting?

A: Well LinkedIn went through, for those of you who remember we were treated as the little alternative to Friendster, then Myspace, then Facebook. We had a lot of the, we are the little tiny one next to these respected giants each at the time. Ultimately, for me when I was thinking LinkedIn, this gets back to the investment thesis as a mechanism. I continued to believe the right economic system designed for every individual's life, and organizations life to have public professional profiles. But that world is the way the world should be. everyone is much better off with it. And we are getting closer to that than everyone else. It may be that it hasn't taken off as fast as I would have liked it. It may be that the general world has gone, oh the social stuff is really interesting. We could only get in the news the summer of 2003 by saying we were Friendster but for business. It's completely nonsensical once you begin to look at the thing. But it was like, okay we will cover you because you are Friendster but for business. But that was important to get people to begin to pay attention to us and so the confidence was, that world I still have confidence in, I still believe should exist and no one is getting closer to it than we. It's taking us maybe longer than I hoped to get there but thats okay.

Q: What is it that gets you wrong about someone who is going to do the distance?

A: To some degree you can only fully cross these minefields by going and doing it. So you can be wrong about your hypothesis. The kinds of things that frequently get you wrong or you think a person--- for example I frequently use in interaction is I push on the idea and what I'm looking for is both the flexibility and persistence. What I'm looking for is, I have conviction, and what I'm thinking I'm arguing it. But I am listening to what you are saying. And I am adapting to the concerns you have with that. Sometimes you will find someone that says, look I have learned to mimic that behavior so I have learned to say, for example I have learned to look like I am reasoning with you and I look like I am thinking about the challenges you bring up, but actually in fact I am ignoring you. Ignoring me might be fine. But ignoring the world in general is usually disaster.

And so these are the kind of things that in the measurement essentially getting wrong. Most often the kind of reference questions asked about founders is adaptability, one of the phrases I look for is infinite learning curve. Because each entrepreneurial pattern is to some degree unique and new. And can you learn the new one? Does the learning break down or is there some skill set? is there an ego issue that gets in the way? Like everyone must adulate me and that will cause you to behave wrongly in adapting to the problem. I think I have one last question.

Q: What makes a great co-founding team and what makes a good way to evaluate a co-founder?

A: The first thing is, it's super important to collaborate really well. That was the point I was making during the team. If in fact you don't have serious trust-- So the key thing is when you are thinking about founders is do you have a diversity of the necessary strengths across the board. Frequently you need one technical founder, at least. Frequently you need someone that is going to be dedicated to the business side for fundraising, these sort of things. A classically skill set and usually its some composition across them. Its kind of what you think of founders one, when you think about a founding team. When you get the next level deep, one of the things people classically tell you is don't invest in a husband and wife team. And that adds a little extra freight to it and everything else because the is extra dynamics and all that.

I actually think what you are looking for is, do they collaborate well. Do they help each other get to truth? So for example, I am most part when I am talking to a team. I am looking for when they are reasoning to each other, not just all singing from the same thing. But did you think about this? Or what about this as a challenge? You are navigating the field of battle which is a bunch of risks. For example, one of the things that was pretty common in Paypal is, Max who invented the prod systems and everything else, would frequently come into Peter's office, Peter Thiel, and say here are some things that are going to kill us and let me focus you on them. So it's not like we are all saying oh yes we are all singing our Kumbayas but we are adjusting to what is truth and what is the problem we need to solve? And what's the problem in short term and what's the problem in long term? How are we tackling it? And that collective problem solving, that collective learning is the kind of thing that actually makes a great teams.

Q: So different founders, different areas. How do you identify them?

A: The talk was aimed at what is unique about the mindset I think of founders. There is great founder across all. All founders-- there are differences. For example, in software speed to market, speed to learning is really key. In hardware if you screw it up you are dead. So accuracy really matters. If you build and ship the wrong thing you are hosed. So generally speaking as an investor, and this is part of the reason a lot of investors have a certain set of things they learn really well and reapply, is because they try to understand a domain really well to be able to identify which of the founders in this domain really matter and if we are investing in this domain how do we do that well? So there are attributes that are unique per domain. for example, one of the classic ones is, how good must you be at operational efficiencies in terms of margins, cost control, etc. You are dealing in the worlds of atoms including in commerce, you have to be really good at that. You are doing a digital game, like a Zing start up it doesn't matter at all, right? So you look for that sort of fit somewhere. Part of the beginning of this is that it's not in fact one person is good at at everything. One of the funniest conversations I had with a friend of mine who works for me at my first start up, Social Net. He looked at me and said, Reid I would never hire you to be a manager at McDonalds. I was, I wouldn't either. I would be terrible at that. So its the skill set that fits but also the whole point of this is actually being able to navigate a set of things that look like paradoxes. Sometimes being heavy on one, sometimes being heavy on the other. And having the right judgement at the moment at what you are doing and thats what tends to be more universal.

Q: How do you know when to pivot?

A: Part of the reason why having an investment thesis and your confidence in the rest of the place and being pretty clear on that is generally speaking the answer I give to people is if your confidence is unmeasured for a fairly long time or is decreasing, because measured for a long period of time it should be decreasing, then its decreasing and you go into intense mode. We try to figure out what types of things you can do to increase your confidence and thats failing. Thats a seriously good time to think about pivoting. You might have a thesis on raising money, you may have a thesis on what's the pattern on what the product distribution on growth or viral, or anything else will work. Well I tried these three things and this fourth thing doesn't seem as good as the other three. The next two things seem even worse. That begins to decrease your confidence. And that is when you should think about pivoting. A frequent mistake when it comes to pivoting is waiting until you have been crashed into the wall and everything is dead. And you can't maneuver any more. And thats you waited way too long. Now in times of personal career goals and so forth. One of the things I meant to talk to you during the slide, one of the classic questions is balance. I actually think founders have no balance. One of the funniest conversations I ever had was with the governor of Colorado, was like we are going to attract really great entrepreneurs here because we have this balanced lifestyle. Literally if i ever hear a founder talk about how I have a balanced life they are not committed to winning. So the really one great founders are, I am going to literally put everything into doing this. Now it may only be for a couple of years. I may do this for a while but hile I am doing this i am unbalanced. You are super focused on this. You work really hard and there are lots of ways to die.