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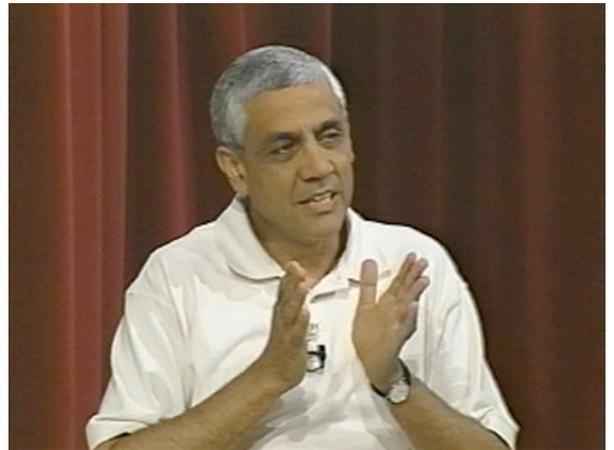
Strength of a Team

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Video URL: <http://ecorner.stanford.edu/videos/30/Strength-of-a-Team>

Khosla states that it is the team that make the company. At Kleiner Perkins, he notes that everyone has learned much from each other. Personalities and approaches are diverse and combined to create great strength.



Transcript

So I ask you, and I'd like to ask you here to talk about, what's the -- and I know you get hands-on in putting together the team. I mean you're famous for that. At the beginning, early on, as an early investor in helping take a raw founding team or a group, and turning them into a lean mean fighting machine. So what skills do you look for and behaviors, what patterns have you seen over the years? And if you have an example to share, that would be great. All right, let me add to that and say, "It's the people," but more than people, it's the team. Kleiner Perkins has some really great people but I guarantee you, none of us would be half as effective and half as being generous if we had to operate independently. We learn, even today, so much from each other. And most people who know us cite most of the partners. have very different backgrounds, points of view, personalities, approaches. But it's from that disparity and that difference that all our strength comes because we look at all points of view.

That speaks to this issue of people. Let me start with just maybe two examples. When Sun was started, since Tom referred to Sun, I ran into Andy Baktushan who was a graduate student in Michael Jacks Hall in Computer Science. And the first thing he did since he was in the middle of a PhD was say to me, "I'll license you the technology." And I said to him, "Not interested." By the way, six other companies had licensed the technology from him. I said, "I want the goose that laid the golden egg, not the golden egg. That's a one time thing." And I offered him half the equity and equal share to me in the company when I could have bought the license from him for \$10,000. Because that's what the price he was asking for. So people are important and it's the only reason Sun is around today, because I got Andy to join me instead of saying, "The opportunistic and economic thing to do is to get a license." Let me give you another example. Juniper is a company that we helped incubate. When Pradeep Sindhu first came to me, he actually wasn't building routers for the Internet.

He actually came to me with an algorithm to minimize the cost of memory in router architectures. It was a fairly detailed technical argument. And I said, "That is not the problem. The problem is the Internet." And Cisco and others aren't building routers for the Internet. If I have time, I will talk about how belief systems also play a really important role, if you remind me so I don't forget. I talk too much and forget what I'm supposed to say. But I said, "Let's build a solution for the Internet that has nothing to do with -- maybe we can leverage this memory architecture and this algorithm. But let's build a purpose-built router for the Internet." But before we can do that, you have no idea what to do. You can come up with the algorithms and computer architectures. So I said, "Let's go engineer the gene pool." This is also a concept that the Harvard Business Review article talks about.

That should be also in my entrepreneurial roller coaster cart. And I said, "Let's look at all the possible things we don't know about building Internet routers. Not what we know but what we don't know, and let's get expertise to those areas." It turned out, most of our competitors scurried away that day. The founders found more people they knew who were really as good as them and the areas they were good at, left the other parts of the chain as weak links. We said, "We know nothing about protocol stacks. We need a co-founder who knows protocol stacks. We know nothing about running a network." So we actually explicitly said let's find all the companies that have run networks. So we listed about five areas of expertise we didn't have that were critical in building an Internet router. And we said, "Who are the companies that did do well at these five areas?" Then within each company, we had four or five companies in each area, four or five names within each company. And that became our recruiting hit list.

Engineering the gene pool to make sure that all the weaknesses are accounted for and we have expertise because founding teams, generally, look at who they know as opposed to what they're missing, what their liabilities are. That was sort of an example of engineering the gene pool. So we got somebody, Dennis Ferguson, who had been part of ENS and had run an IP network. And he brought so much perspective and to this day, he's a key parts man. He wasn't a part of what Pradeep came to me with, but came out of this process of engineering the gene pool. People are very important. The other piece is to make people work together as a team. Kleiner Perkins is a team. No one of us could do half as good. Same is true of Juniper.

Same is true of every other company that has been successful. So unfortunately, and I have to warn you, most people agree that people are important. Very few people are willing to pay the price to get the right people. And that's the real test. I'd say 90% of the people who say people are important will not make the right tradeoff, because they're tough tradeoffs.