



Stanford eCorner

Who to Hire

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Kawasaki explains that hiring infected people is the most important factor. Often, how a person looks on paper means nothing if they are not enthusiastic and ready to work hard. All of the experience in the world means nothing if they are not bitten and infected by the start-up bug. He also tells you how to avoid the bozo explosion, which only leads to layoffs, and how to apply the shopping center test to know if you're hiring the right person.



Transcript

Next recommendation is that you hire infected people. I think that an infected founding team is probably more important than a founding team that on paper has a good background and work experience or education. That people who love the product or service, that's more important than their degrees. It's more important than their work experience. Focus on the people who love the product or service. This means, fundamentally, you ignore what's irrelevant. And in many cases, education and work experience is irrelevant. This is completely contrary to what most VCs will tell you. If you have VCs further on into this course, and if you ask them, "Well, what are you looking for?" they're going to tell you--and I'll tell you that right now, you can skip that lecture--they're going to say, "We want proven teams with proven technology and proven traction." In other words, "We want people who have founded Cisco, won a Nobel Prize, and they're doing \$50 million in revenue." That's an early-stage deal for a VC today. All right? By contrast, Garage is in a different business.

We want unproven teams, unproven traction and unproven technologies. Completely different world. The irrelevant thing is that... Think about what an entrepreneur has to go through. So let's take what might seem very attractive to many venture capitalists. Let's say that on your founding team is someone who is a senior vice-president at Microsoft. Most VCs would salivate at the thought. This is a proven executive. This executive has been with Microsoft for 10 years, has helped Microsoft grow, etcetera, etcetera. But if you peel the layers of the onion one level lower, you would see that that executive, during his or her career at Microsoft, had on average a war chest of \$50 billion in Microsoft.

During that timeframe, they had a market share percentage of roughly 95%. During that person's tenure at Microsoft, that person's greatest fear was the Anti-Trust Division of the U.S. Department of Justice. Now you're going to take that proven executive from Microsoft and stick them in a garage with \$500,000, zero brand awareness, zero market share. I would make the case that that might not be the ideal hire for you. OK? Now you may be wondering why in the world are there diamond rings in this picture. It is because I am living proof of this theory. I graduated from Stanford in a Psych degree, as I told you. I attended UC Davis Law School, and when you say you 'attended' a school it means you didn't finish. I attended two weeks.

In fact, I never got started, actually. And after that, I went into the jewelry business. I enrolled the following the year in an MBA program at UCLA and while I was there I started working in the jewelry business. My first job was literally counting diamonds. So on paper, if you were Apple Computers recruiter, you'd say, "All right, so we need someone to go out to convince the most technical audience we have, software developers, why they should write Macintosh software," I don't think the spec would say, "Psych degree, law school dropout, Marketing MBA, currently counting diamonds in Los Angeles." You know? That

might not be the sweet spots. OK? But what enabled me to be successful with Macintosh is I love Macintosh. The scales were removed from my eyes the first time I saw it. The clouds parted, the angels started playing their trumpets. It was a religious experience for me. That's why I succeeded, because it's not because of my Psych degree and it's not because I had attended law school for two weeks and it's not because I have a marketing degree from UCLA.

All right? Ignore the irrelevant. What is relevant is they love the product. Second point: you should hire better than yourself. Very difficult for most founders, particularly engineering types who believe that because of their superior chip speed that they should be the best sales person, the best finance person, the best marketing person, and the best engineering person. You need to hire people better than you. A players, by definition, hire A players. B players hire C players, and C players hire D players. So pretty soon you'll be surrounded by Z players. OK? That's what's called the 'bozo explosion'. And what follows the bozo explosion is the layoff, OK? So avoid the bozo explosion.

The third thing is to apply the Stanford shopping center test. The way this works is, suppose you're at Stanford shopping center. You see someone who's being recruited by your company who's interviewing at your company. That this is between you and the person when you first see him or her is, for me, the back of the room. That person up there has not yet seen me, but I have seen them or him or her. So at this point I have this sort of choices. I can rush over and say, "Hi, how are you? I know you are interviewing. Can I tell you more about the company? I really think you should join our company. We're just going to kick some ass. We're going to make meaning.

We're going to change the world with our technology." Or you can say, "Stanford Shopping Center isn't that big. Maybe I'll bump into them. If I do, I'll say hello. If I don't, I won't say hello." The third reaction is I'm going to get in my car and go to Vallco Shopping Center. OK? If your reaction to the job candidate is not "I'm going to run over there and say hello to the person," don't hire the person. Because when you're creating a startup, it is a family. It is a dysfunctional family, honestly, but it is a family. If you don't feel the compulsion to run over there and say hello, probably not the right person.