



Stanford eCorner

The Career Path to Becoming a Venture Capitalist or an Entrepreneur

Guy Kawasaki, *Garage Technology Ventures*

October 20, 2004

Video URL: <http://ecorner.stanford.edu/videos/1185/The-Career-Path-to-Becoming-a-Venture-Capitalist-or-an-Entrepreneur>

Kawasaki believes there are some lessons one should learn before becoming a venture capitalist or entrepreneur. One thing to avoid is the "Morgan Stanley disease." Investment banking isn't the best way to learn those important lessons -- instead join the sales team of a large company and learn from the bottom up.



Transcript

Actually if you want to be a venture capitalist or an entrepreneur, what you should do is, you should either go to work for a large company, believe it or not, like at Procter and Gamble where you truly learn the process of sales or you should go to work for any, you know, kind of text startup. So, what I guess I want you to do is get hands-on experience. I want you to go out there and get bludgeoned. I want you to get rejected in sales calls. The most important thing I think you could learn for an entrepreneur is how hard it is to sell stuff. Now, this means that if you go to Microsoft and if you have 95% market share, it might not be such a good lesson. But any kind of structured sales, the worst thing you can do to become an entrepreneur or to become a venture capitalist is to go into investment banking, because if you go into investment banking, you will get what is called Morgan-Stanley disease. And Morgan-Stanley disease is when I give people my business card, when I tell them where I work, they sort of, they are like so impressed that I work for Morgan-Stanley. And so, pretty soon, at age 25, you think that you really know what is going on. And so there are people who make the position and there are positions who make the people.

And so to a large degree, if you work for an investment bank like at Morgan-Stanley, after a while, you get this Morgan-Stanley disease and you really think you know what the hell is going on. And so pretty soon you go from investment banking, then you go to work for you know, Kleiner Perkins or something and that, now you are giving all these young entrepreneurs advice based on your zero years of having run the company. And so that is the worst case scenario. I would never start my career as a venture capitalist or an investment banker because it will fundamentally corrupt you. It will just eat your brain out. There is nothing worse you could do. I think one of the best things you could do is go to work for startup that fails, because that is where you learn a lot. Oh, I would not brag about that. Because when you work for a startup that fails, you truly see the mistakes that are made, and what you did wrong. One of the hardest lessons I had to learn was the difference between correlation and causation.

Because as they say, a rising tide floats all boats, or more accurately, what? What did you say? What? Correlation or causation? Hey! I was a psych major what can I tell you? Alright! So, Hallelujah! Kumbaya! So, this correlation and causation and you know, a rising tide floats all boats, or as they say, in a tornado, even a turkey can fly. So, many people did not realize their turkeys. They were just in the tornado. And so that is the difficult thing. Do not be an investment banker and do not be venture capitalist. Aim higher.