



Stanford eCorner

What Kind of Person Are You?

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Richardson talks about how asking if you are a private or public person may help in determining the path your company should take. She outlines pros and cons for both options.



Transcript

So first, what kind of person are you, public or private? And by the way, I'm just posing things that quite frankly might change dramatically for you, ten years into your entrepreneurial career. You might decide that at the beginning of your career you want to be very, very public and you don't mind being a public persona and etcetera. And, you might decide halfway through your career that you don't like it and that's okay. We all make changes a deviations. But one thing about being in a public company as a senior executive or founder, gosh look at, turn on CNBC this morning or yesterday I think it was, and you're finding out exactly how much stock, one of the founders of Google sold. They probably were telling you what he was doing with it. You know, I mean, it's just unbelievable. The amount of your personal life is exposed on websites and chat boards and then reports and articles when you're not just a CEO but any kind of founder executive of a public company. And a lot of people don't like that when they get there. I can tell you, there are aspects that really are not fun that I've experienced.

The one I'll share with you is that my husband has absolutely forbid me to go on to chat boards and read on what people write because of course, it can be very vicious, personal attacks and all that. So, I suppose it's like if you're Larry Allison or something like that, you don't read everything that's printed about you or if you do, you read it with a big sense of humor. So that's kind of one thing. People do know everything about you. You know, your stock, your salary. Everything is public information. So your life is kind of a fair game. And that does have an impact on your family, I think as well. Other people telling you what do... Obviously, if it's your own company during that nice, private phase, it's your own show and when it's shareholders and a board, and I would emphasize shareholders, your life really changes.

There are some good things about that but there are some challenges and I'll talk more about that. Now what about your staff? This is an important one because I believe many of you, Stanford graduates engineers will have great ideas and companies to find. And you'll probably bring along some of your buddies and friends because that's what happens. That isn't the formula that always works forever. People, you may mature into helping a company grow and flourish and go public. Maybe your best friend won't. You may be in a position where you have to fire that person. Or just wake and realize that you got to part ways. These are difficult things that happen to people as entrepreneurs because the same kind of people that help you start something and grow it from zero to \$20 million aren't necessarily the same ones from \$22 million or \$100 million or a billion and sometimes, those aren't the same people from a billion on. So I think that's a really important one.

Again, I was struck by this comment today when I saw the news when I woke up this morning and had CNBC on the background. I saw the news about Carly leaving HP and I thought, you know, talk about public exposure and talk about you

know, every time she turns around the next month, she's going to be picking up every magazine in the rack. And whether you agree that she was doing a good job or not, I'm not here to debate. But boy, she's going to be raked over the coals publicly and that's going to be tough. You got to at least feel a little bit for somebody who's got to have everything about their performance aired out in public, globally, on the world stage. That's tough. So, thick skin is what you need to have. Another little funny joke I found on this website and our stock just went up ten points on the rumor that I was replacing you all with burlap sacks stuffed with straw. Either a great pressures on public company executives for cost-cutting and for shareholder value and I'm going to talk more about it in a moment but I think that that does change the dynamic and thinking about how you balance the trade-off of doing your job which is first and foremost, creating shareholder value. That's what a CEO is supposed to do.

It doesn't say, be the boss ever to your employees. It doesn't say run the best culture company. It doesn't say be the nicest to people. It doesn't say a lot of things. A lot of those things are important to creating shareholder value but they're not the single reason the board gives you the job. They give you the job because they think you're the right person at that time to help the company through its challenges and opportunities and create the most value out of the asset that's there.