



Stanford eCorner

Start on Your Own

Mark Suster, *Serial Entrepreneur*

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Video URL: <http://ecorner.stanford.edu/videos/2521/Start-on-Your-Own>

Serial entrepreneur and investor Mark Suster urges founders to start out on their own, to avoid early dilution. Suster believes entrepreneurs deserve to keep a greater share of their companies, when possible, as they are the ones taking the critical first leap. While Suster claims some in Silicon Valley may think this idea is "heresy," he does not understand why burgeoning entrepreneurs are willing to give so much away, so early.



Transcript

Heresy. The biggest illusion that comes to you as an individual comes before you ever see an evil venture capitalist. You're going to argue to me that you should only take 22% dilution instead of 24%. We're going to fight over 0.75%. You're going to fight with me about whether we should have a 15% option pull versus 17% option pull versus 13% option pull, but you're willing to see two-thirds of the value of your company walk out the door before you've ever done a day's work. I just don't get that. I don't get it. If you're trying to create something and create value for yourself and you have the confidence of your conviction, my recommendation is to start on your own. That's the biggest heresy that I'll ever say. Now, there are people for which are missing certain skill sets to build a company.

That's okay. I just have a sequencing for them. Because that you are paid such a premium to take the first leap, my Andersen Consulting experience, sitting around with a bunch of guys who just kept saying, we should do this and we should do that, and I freaking did it and then they came to work for me for 1%. They come to work for me for 1%.