



Stanford eCorner

Reasons Not to be an Entrepreneur

Phil Libin, *Evernote*

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Evernote Co-Founder and CEO Phil Libin dispels myths about being an entrepreneur. He outlines a number of bad reasons to become one, including a desire for free time and wealth. According to Libin, "If you want to be an entrepreneur to make money, then you're just bad at math."



Transcript

So, if you want to be an entrepreneur, and you've fallen into any of the most common bad reasons, don't do it. I think the number one mistake; the number one bad reason for being an entrepreneur is because you want to make money. If you are thinking of being an entrepreneur because you think it's a good way to make money, you are just bad at math because it isn't. You just have to look at the statistics. Thank you. Right. Depending on how you count, 95% or 99% of companies fail and if you are smart enough to be in this room and you are talented enough and you have driven enough just to be here and you want to optimize for your lifetime earnings, being an entrepreneur is stupid. If you want to optimize for your lifetime earnings, having already got into this room at Stanford, you're much better off just getting a job. Become a banker or something, you will make a lot more money. The expected case, there will be a lot more.

Some people get lucky and make significant amount. But being entrepreneur is not a good idea if that's your main goal. So if you want to make money, I would say that is a serious mistake. If you are doing it because you have some sense of power, like you want to be the CEO because you're going to be at the top, there is this pyramid, right, this OR chart and you are at the top and there's all these people below you. That's ridiculous, it doesn't work like that. When you are the CEO of a startup company, everyone is your boss. You are all the way at the bottom. It is an inverted pyramid. Like you are down here and it goes like that and all of your employees are your boss. All of your investors are your bosses.

All of your customers are your bosses. Everyone in the media is your boss. I have never had more bosses than I have at Evernote. So, if it's a power trip, if you want to be an entrepreneur because it's a power trip that's just a ridiculous idea. I've had some people say that they want to do it because they want more flex time. Oh, I've got this job and it's 9:00 to 5:00 and I really want more flexibility, so I would like to do something entrepreneurial so I can kind of control my own hours. You do get flex time as an entrepreneur. You get to work any 20 hours a day you want. So lots of really bad reasons and if you are thinking of being an entrepreneur for one of those reasons, I would say really like, yeah, take this class, learn about it, it's all good, you can learn about art appreciation without becoming a professional artist, but don't do it. If you want to be an entrepreneur because you want to change the world because you want to do something that has a fundamental impact on the universe and you have a decent idea of the direction of how you want to change or what that change is, then actually think it's an unparalleled time to do it.