Stanford eCorner

Great Entrepreneurs Go Out and Do [Entire Talk]

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October 19, 2011

Video URL: http://ecorner.stanford.edu/videos/2812/Great-Entrepreneurs-Go-Out-and-Do-Entire-Talk

Entrepreneur and early-stage investor Brad Feld offers advice and support to aspiring entrepreneurs. Feld, a managing partner at Foundry Group and a co-founder of TechStars, imparts personal experiences on managing your life as an entrepreneur. He also shares some of the defining characteristics his firm looks for in the entrepreneurs they invest in.

Transcript

Brad serves on the board of Zynga among many other companies. And he is just a fantastic person to boot. So I'm really excited to have Brad Feld, Managing Director at, and founder of, Foundry Group here today. Brad? Thanks, Heidi. What Heidi didn't say is that we worked together for, seven or eight years. So Heidi... 70 dog years. 70 dog years. So Heidi has all kinds of stories about me for later on. So, what I thought I'd do is talk about a couple of specific things today.

And I was looking at some of the previous talks to try to get a sense of the tempo of the kind of talks that have happened. And what I sort of really tried to put myself in was my shoes when I was an undergrad at MIT, looking forward. So I'm going to talk a little bit from that frame of reference throughout the course of the chunk of time today. I'll talk for 30-40 minutes and then we'll do Q&A So hopefully, we'll have plenty of time if people have questions. We'll take it wherever you want to take it. Before we start, my email address is brad@feld.com and if there is anything that we didn't cover or you want to follow up or anything I can do to be helpful, just email me afterwards. I feel like it's always important to provide a little context for the conversation. So I want to give you a very sort of quick background chronologically for how I got to where I am today. I don't want this to be a 20 minute "here is my life story" type of biography.

So I'm going to give it to you sort of very quick through sequence. In 1983, I was an undergrad at MIT, freshman. My freshman year, the vast majority of people that went to MIT wanted to do computer science including me. And MIT put a big push to get people out of computer science and into other departments. And I ended up then doing some computer science courses, computer science vocationally, wrote a lot of software. But I also went to Sloan, which is the management school at MIT as an undergrad and then a Master's student and then a PhD student before they kicked me out. So I had this sort of experience early on that was a mix between writing a bunch of software and thinking about business well before people were talking about entrepreneurship and that was really sort of the thing that attracted me to it. I started my first company when I was a sophomore. I was 19 - it's actually not my first company, I like to say it was my first real company that actually went anywhere. It was probably the fourth company that I was involved in.

The first three were unsuccessful and they were involved with a variety of different people. But in 1985, I started a company called Feld Technologies and had a partner join me in 1987. That partner, a fellow named Dave Jilk and I invested 10 bucks in the company because that's all the money we had. We had 10 shares of stock, dollar a share, very, very complex deal that we did. And we proceeded the summer of 1987 to hire a bunch of people, maybe a half a dozen people, mostly students, and the first month after we started the company or he joined me as a partner we lost about $10,000. The second month we lost about the same amount of money and we realized we couldn't do that again because we didn't have any more money to lose because we'd lost money we didn't have. And so from that point forward the company was profitable and cash flow positive over its life which was about seven years. We built a nice company, 20 some odd people in Boston, again, entirely self funded.

We did custom software for lots of small-medium size companies and some larger companies back at a time sort of pre-client server computing, pre-internet, pre-networking. Back when the idea of writing software for a PC was still something that was somewhat of a novelty and certainly doing any sort of business systems that were PC-based was unusual.

In 1993, that company was acquired by a public company. We were approached out of the blue by a company. We'd never thought about an exit strategy, we never thought about selling the company and after about six months of struggling, on even days I would want to sell the company and odd days I wouldn't and on Sundays I rested. After, I think, Dave finally got tired of my flip-flopping as to whether or not we wanted to sell the company we decided to sell the company. And we sold it for a couple of million bucks and ended up staying with this public company for relatively - for him a relatively short period of time, for me about a year and a half. At that company - it was the first time I was ever really introduced to any sort of transactional stuff. So up to that point I'd been running what was a medium pace growing, cash flow positive self funded business, I then was working with some people that were buying up companies like crazy. So we bought about 40 companies - the company that bought mine bought about 40 companies over a three year period. And I ended up being part of the technical deal team. So I started to understand how deals work because I was the guy that they would ship out before they do an acquisition when they're sort of in the negotiation process.

And every company they acquired was fundamentally kind of a hardware sales company back when you could make money selling hardware. But in that process they always had, every one of these companies had one or two software founders that thought that they had some really hot shit that was incredible. And my job was to go out and when I left they were supposed to feel like they didn't have any hot shit and that they were just sort of happy that they were going to get paid for their hardware sales business. And that was fun and I made some friends and probably some people didn't like me too much. As a result of it I also learned sort of in a large organization how to torture people, which became part of my job, which was sort of running around and dealing with some of the change that was happening within the computer industry in the early 90s and the most notable one that I remember was the shift from Novell Networking being sort of the dominant thing to Microsoft and NT starting to emerge as sort of network operating system combined with the shift from making all your money selling hardware and giving away the services for free to the flip where you essentially made no money on the hardware and you charge for your services. And for this company that bought all of these companies that dealt with this legacy approach, it was very, very difficult to make the shift. And I was in the middle of all that. The other thing that I did during this period of time, '94 to '96 was I started making angel investments. And I made about 30 or so angel investments with some of the money that I made from the sale of my company to AmeriData. And these angel investments were $25,000, $50,000 type of investments.

I had a strategy, sort of a model where I'd invest the same amount in every company with the idea that I'd double down on it. So I'd make a $25,000 investment thinking that I might have to make a $50,000 total investment before the company either failed or raised venture money, sort of went on to the next stage. And as part of this I was the founding entrepreneur and/or founding investor in a number of these companies. I was chairman of some of them, so I looked more like a founder than an angel investor, in other companies I was just an angel investor. That turned out to be a particularly nice time to be an angel investor because it was the very beginning of the rise of the commercial internet. I was living in Boston at the time until 1995 and so I made a bunch of investments in companies in Boston and there was a period of time where the - sort of rise of the commercial internet in Boston was actually quite far ahead of what was going on in Silicon Valley. So there was a very deep concentration of activity sort of for a two or three year period until I think the sort of center of that activity shifted more to the Bay Area, but it was fun to be in the middle of it. I also had broad networks around the country. So I was not just investing in Boston, but I was out here some, I'd be in Seattle some because I had long linkages back from AmeriData and from my first company Microsoft, so I did some investments up there. And I really learned how to make these sort of very early stage investments and get involved in these early stage companies.

I woke up one day and had ended up being part of a venture capital firm which was called - ultimately called Mobius Venture Capital, it's where Heidi and I worked, but it started off as SoftBank Venture Capital. I had gotten to know some of the people around an organization called SoftBank, there was a core group of people working for SoftBank, there were couple of us, myself, Fred Wilson, a guy named Jerry Colonna, another guy named Rich Levandov, that were all affiliates and we were working with this team from SoftBank making our venture investments. So I was still doing my own angel investments, but then helping bring deals to SoftBank and this team was making investments. The team woke up one day and SoftBank didn't have any additional money for the team. So the group sort of spun out of SoftBank, created a separate firm, SoftBank invested some money in the fund and then a team of the four - of four of us went off and raised a venture capital fund. So it wasn't very deliberate on my part, I just sort of woke up and was doing it. Along the way another not deliberate thing happened, which was, I ended up moving to Boulder, Colorado from Boston. When I sold my company I was 28 and I told my wife who grew up in Alaska, I grew up in Dallas, Texas, that we would move to somewhere else other than Boston, by the time I was 30. Boston just wasn't home, it was fine, it was good to me, good to us, but it wasn't home. And about two months before I turned 30, Amy told me that she was moving to Boulder and I was welcome to come with her if I wanted to.

And being a wise nerd even at the age of 29 and three quarters, I decided that was a good move. So we moved to Boulder not knowing anybody. And when I look back today 16 years later, it's a remarkable life change and it sort of forms a lot of the perspective that I have. But also it was an interesting adventure because we really moved there not having any idea what the entrepreneurial community was like, not having any idea whether there was anything to do. And our premise was, we were close enough to an airport, we like Colorado, we love Boulder, we've been there couple of times and a worst case is we could just keep going west if didn't like it. Six months after we moved there, I remember having a conversation with her that it was unambiguous this was home for the rest of our life and that we were committed to it. And so that's how I ended up in Boulder. Through the late '90s, there was a lot of activity obviously around internet investing, SoftBank and then Mobius had tons of early success. We ended up raising successive funds. Internet bubble happened in 2001-2002.

I think anybody who is a venture capitalist or an entrepreneur in that period of time had a year that they would refer to as their shitty year and mine was in 2001. So I remember - think about a bad day, think about when you've just had a crummy day and you go home and you do your sort of favorite form of relaxation, you have a drink, you smoke a joint, you do whatever you do. College, right? It's legal here in California now, isn't it? You do whatever you do, just, you chill out and you go to bed thinking alright, tomorrow is going to be better. And by July of 2001 I realized that every day had been worse than the previous day. And there was no end of that in sight and so I kind of changed my attitude and I decided let's see what the world has for me, let's see what they can throw at me. And then of course, 2001 for any of you that remember it well was a very complicated year, near the end of 2001 because of 9/11. And I had never - not traveled for more than a week or two. So my sort of work life has always been - regular life has always been traveling continually, I invest all over the U.S. I liked to travel, my wife liked to travel with me and so I would sort of never be rooted for very long anywhere. And I was actually - I took a red eye from California to New York on - the night of 9/11 and got to New York the morning of, and was actually in Midtown, Manhattan when everything happened.

Nothing tragic happened at all, but the emotional dislocation was really severe. Being right in the middle of what was going on far away from home, disoriented from a red-eye, in the midst of this terrible year of everything going on. And I somehow managed to get with a friend of mine who was a CEO of public company and his CFO who were also from Colorado, New York, we stole a friend's car - friend let us borrow her car from Connecticut and we drove home as fast as we could and got home and then I didn't go anywhere for three months. And that was a very important sort of moment that I remember also because it was a shift where I kind of started to shift out of this reactive mode that was happening through the whole internet bubble and through all the insanity that was going on to a more deliberate mode in terms of thinking, alright I got it, I can sort of - I've had plenty of success and plenty of failure, lots of things work, lots of things don't work. But what is it that I actually want to do? And how do I want to do it? Over the next couple of years, as a fund Mobius evolved quite a bit, we had grown a lot, we shrunk, we started to think about what our future would be by 2003-2004. Ultimately as a firm we decided not to raise another fund in 2006 and that was a very deliberate decision. We didn't really have urgency around making that decision. We were still making new investments through the end of 2005, but as partners - the partners that were still at Mobius which included Heidi and myself and a few others, spent some time talking about do we want to continue to try to go raise another fund and continue this institution that was - this thing that emerged from SoftBank or do we want to do something different? And together we came to the conclusion that it didn't make sense for a variety of reasons to keep doing it. And we decided to essentially end of life Mobius. Now it takes a long time to end of life a venture capital firm, I think those of you that sort of watch the venture capital system, there is this notion that it takes about a decade to kill a venture capital firm.

Because venture funds raise money in a particular year, they get commitments from their investors and those commitments are at least 10 years long, usually it ends up being 11, 12, 13, 14 years because you get extensions. But your investors are committing to you for that period of time. You make new investments for five years, so you kind of have five years to be in the game. And then you have the remaining amount of time to continue to make follow on investments in your existing companies. If you haven't raised a new fund within that five year window, you're on your way to being out of business. And as it becomes a six or seven or eight year window, as more time passes it becomes harder and harder to sort of reignite, raise a fund and keep the firm going. So, at Mobius we decided in year six at the very beginning not to continue as a firm. And we figured out as partners how to manage the portfolio that we had through the end of life. As part of that I decided that I wanted to raise another fund. Again, I was living in Boulder and I decided that one of the things I was going to do this time around was be very deliberate about what the principles of that fund were.

And part of that was not just being deliberate about how that'd work, but making sure that the people that I partnered up with had the same sort of deliberate focus. So I ended up getting very lucky, three of the people that I had worked with at Mobius, two that were in California - actually five people - there were five of us originally and we asked one of the original partners to leave, but the four of us that you saw in the video, part of the thing that was difficult for me as a partner in Mobius that was based in California was being in Boulder. And so I decided that even though I wanted to invest nationally, in that whatever I would do would be a national investment approach, I wanted to have all my partners in the same place. And that was partly selfish because I wanted to be around my partners that I like to be with, but I also didn't want anybody to have to go through what I had to go through in the context of Mobius, which is, as the one that wasn't where everything else was, I was constantly having to travel to California, constantly having to be the one that was coming to where everybody else was, which was a lot of personal overhead. And frankly, it was just not very satisfying over a period of time. Again, not - as reactive versus deliberate. So my partners Jason, Ryan and Seth all sort of agreed, bought into that thesis, Jason and Ryan both made very big commitments because both of them had very deep roots in the Valley. Moving to Boulder was a big move for both of them and for their frame of reference, their networks and how they're approaching things. In 2007, we set out to raise a fund. We waited about a year before we went out to raise a fund to make sure we felt comfortable that we could manage what we had committed to manage in the context of Mobius and that our relationships with the other partners at Mobius were in such a way that everybody felt good about things.

We raised a $225 million fund in 2007 with the premise of making early stage software and internet investments all around the U.S. We were categorized as a type of fund at that time called an emerging manager which was experienced VCs that sort of were regrouped and creating new fund. Some of the other emerging managers that came out of that cycle were Union Square Ventures, Spark, True Ventures, First Round Capital, handful of others. That fund we've invested in about 28 companies. We've had a couple of exits early on. We've also got a couple of companies that are doing extremely well and in 2010 we raised another fund exactly the same size, $225 million and part of our plan was that we would raise exactly the same size fund each time. So another deliberate decision on our part was, we weren't going to try to grow our firm. I had gone through that at Mobius, it's very difficult to grow a venture capital firm. It's very difficult to be great at doing what you're doing in the context of venture capital, if you're also trying to grow. And so our decision, at least from our frame of reference was we're going to make about 10 investments a year, we're going to invest as a team, we're not going to add people to the team, we are just going to be excellent at what we do and we're going to love working with the people that we love working with.

And we're going to do that over a period of time until we're done doing it, then we'll be finished. So no legacy, no transition of power, no figuring out what to do when you get older, we'll just do it for a while and when we're done, we're done. And that was another one of our beliefs in terms of how we'd approach it. So let me sort of step back and talk about a few specific things in the context of how I look at that arc from when I was - if I was in college today and I don't know what time in college. So let's say I'm a senior in college. I have a phrase I use a lot, which is my favorite Star Wars phrase, my favorite Yoda quote "Do, or do not. There is no try". And when I think about entrepreneurs and I think about the experience I've had as an entrepreneur, as an angel investor and as a venture investor, the notion of trying is not really a core part of what the great entrepreneurs have done. The great entrepreneurs make a decision as to whether they're going to do something or not. And then go after with a full force of everything they have.

And so this sort of notion of "I'm going to try to" really almost out of the gate undermines your ability to go do. And so one of the things that I've tried to do is eliminate the word try from the vocabulary. Everybody got that, I got a couple of titters, come on wake-up! If you think about what you're most proud of, and when I think about what I'm most proud of in terms of what I've accomplished, much of it isn't the outcome. But it was the effort that led to the outcome, whether the outcome was successful of or not successful. And in the cases where I didn't feel like I gave it my all, it's actually kind of disappointed with how I engaged with something. But in the cases where I felt like I gave it my all, I really felt like, I would sort of reflect back on it and feel really proud of what the outcome is, whatever it was. The second thing on that thread is, when I think about the entrepreneurs that we fund today at Foundry Group and the way I think about what's important in the context of a company. I have shifted from this, early on in my career when I was running my own business I was very obsessed with my clients and the work product that we did for our clients in our product. As an angel investor, I shifted into this mode where I was really focused on the passion of the entrepreneurs that I was working with. The vision mattered a lot, but it was really the passion, it was their desire to go do something that attracted me as an angel investor to take my own check book out and write a $25,000 or $50,000 or later on $100,000 or $200,000 check.

But then as a venture investor, I got stuck in this sort of complicated morass around teams, around market size, around vision, around what the opportunity is, around what the competitive dynamics are, around what the incumbent players do and all this other bullshit that sort of made it hard to see through, to the essence of what the entrepreneurs were focused on in their business. When I look at where we are today, and I look at the companies that we've invested in Foundry, we've made about 40 investments over the last four and half years. We've made a few that, I look back and we made bad choices, we made bad decisions in our investment process, but the vast majority of them I think we were very, very excited about working with, even the ones where it's way too early to tell whether they're doing well or not, including some of the ones who have struggled, and are not doing as well as you would hope, because the entrepreneurs that we backed were obsessed, with their vision and their product. And it really came down to this notion of focusing their energy on the thing they were creating. And when I think about some of the other things that I'd been involved in, and I'll give one very specific example which is TechStars. How many people here are familiar with TechStars? How many people are not familiar with TechStars? About half of the room, okay good branding opportunity for me. I co-founded a program called TechStars in 2006. That was the second accelerator program. The first accelerator program; let me do another branding experiment. How many people here don't know what Y Combinator is? See, Oh good.

You can't see the audience up on screen, there are like 700 people raised their hands just then, everybody raising. Y

Combinator was the first accelerator and what they did was pioneer this notion of putting a small amount of money into very early stage entrepreneurial companies sort of a team of founders and building a business from there. TechStars is the second. We took a different approach which was an approach we call a mentor-driven approach, which is in addition to sort of working closer with these companies as TechStars, we also surround them very actively with a number of mentors, 50 to 100 mentors per city, depending on the city we have programs in New York, Boston, Seattle, and Boulder. And those mentors don't just come and give talks. Those mentors actively engage with the companies over the course of the 12-week program to help those entrepreneurs get their businesses up and running. We've had about 90 companies go through the program now. Bloomberg just did a series on TV, if you go to www.bloomberg.com, and you'd sort of search under TV, you'll see a TechStars thing, there's some good videos if you're interested in that. It's been a phenomenal experience. And looking back on those 90, 100 companies now that have gone through the program, the thing that is most notable to me is the successes are the ones where the entrepreneurs were obsessed with their product.

And what that product was, it changed over time. It evolved. It wasn't the exact first thing they started with. And some of them, you know the word pivot, I'm sure many of you've heard, many of them pivoted a lot. But they cared about that product, and they cared about how people responded to that product more than anything else. I lost that somewhere in the '97, '98, '99, 2000, 2001, 2002 timeframe. And when I look back at the great companies that I'm most proud of having been involved in, it's the ones where the entrepreneurs were obsessed with the products, so I'll leave you with that. Third is: Do Things That You Love. I think about some of the things that I do, am 45 now, so I'm able to sort of look back on longer arcs. I always had a fantasy about writing a book.

Yeah, he's a pretty good writer, been writing a blog for a while. My wife is a writer, I don't know, I like to read. I always had a fantasy about writing a book. So I've written two books now. I wrote a book called; "Do More Faster" which was with David Cohen who is the CEO of TechStars. And talks about the experience of, what these companies go through in TechStars. And as part of that is anecdotes from the mentors and the entrepreneurs that went through TechStars. I also wrote a book called; "Venture Deals", Be Smarter Than Your Lawyer and Venture Capitalist" which the video that you saw before was a promo piece for, which my partner Jason Mendelson who's an incredibly talented musician wrote the music, wrote the song, sang the song, composed the song, scripted the video, made us dress up funny, made us sort of dance, I can sort of dance not really actually. And "Venture Deals" came from, Jason and I writing a term-sheet series in 2004, 2005 on my blog at www.feld.com. Where as far as I know we sort of demystified the term-sheet for the first time.

I don't know how many people here, anybody here ever looked at the term-sheet series? Ever saw the www.feld.com term-sheet? Oh good. Everybody for the TV, everybody saw it, everybody's hands went up. That was an effort to take this thing that was very turgid and hard to sort of get your arms around, and make it very understandable for any entrepreneur. And a lot of entrepreneurs say 'why do I need to understand that?' And my view is that the more information the entrepreneurs have at every step along the way, the more advantage they have in the process. And writing "Venture Deals" as a book came out of that. But when I look at the writing of the books, part of it was a meta-process for me. Right, I looked at it and said, alright I want to write a book, I want to understand what it is to write a book. It's not that trivial. I want to understand the publishing industry, because I think the publishing industry, physical book publishing industry is completely fucked. And I felt that way for a long time, but I didn't know why? Like I didn't have actually the experience of why.

And I cared about that experience of why I wanted to understand it. And I also wanted to look back on it and feel like I really put a ton of energy into understanding how to do this thing, that frankly I think in you know 50 years will look very different as a thing than it looks today. So I wrote a couple of books. I have a third book that I'm working on called "Entrepreneurial Communities" and I'll give it to you as an example of, Do Something That You Really Care About. I have believed for a long time that there are a number of places in the U.S. and around the world, but I'm focused on the U.S. because that's what I know and the Sandbox I want to plan, that can develop long-term sustainable entrepreneurial communities. There's a meme that goes around a lot which is that the only place to create a company, if you want to be entrepreneur, the only place to be is the Bay Area. And that's fine. I think it's a stupid meme.

Bay Area is great. There's some amazing things about the Bay Area, it's a unique place in terms of concentration of entrepreneurship. But the idea that this is the only place that you can create a company that's an interesting and amazing company is nonsense. That's fine, so I wanted to understand that better. Now easy to make the assertion, let's actually understand that. So I have this laboratory called Boulder, and I've been spending the last 15, 16 years in this laboratory called Boulder, not just working on investing and in creating companies, but working with a bunch of entrepreneurs in Boulder to create a really robust entrepreneurial community. And not just robust in a boom cycle, but sustainable over a long, long period of time in a community that builds over and over in that, during that period of time. So some of the activities that I've done in Boulder have actually been science experiment, more than they've been anything else to try to understand something, because I was very passionate about that. And from that's come a set of abstractions, I'll give you the four sort of principals of entrepreneurial community from my frame of reference. The first is that they have to be led by entrepreneurs.

Very simple, the leaders have to be entrepreneurs. The second is that you have to have a 20 year view from today. And that 20 year view should increment by a day every day. So you have to be constantly looking forward 20 years. It's not anywhere near 15 of it, year-on-year 15 of the 35 year process. You always have to be looking out at least 20 years and committed to it. Third is, you have to have activities that engage the entire entrepreneurial stack from top to bottom, that make it easy for aspiring entrepreneurs to engage in a process of entrepreneurship. Not just go to cocktail parties, not just go to events where sweaty guys from Boulder, Colorado talk to you for an hour, but actually do things that are around the process of entrepreneurship. Accelerators are a great example of that - Startup Weekend, anybody here done a Startup Weekend? Handful of people. If you haven't done a Startup Weekend and you're interested in entrepreneurship, I implore you to do a Startup Weekend.

It's an unbelievable experience for 72 hours. Think of it as a simulation of creating a company for 72 hours. How many people here have ever played the beer game? Couple of people. That's a business score game, I guess. But that's an operations research simulation that goes back 20 or 30 years, really good example of understanding sort of supply demand dynamics. Startup Weekend is that kind of thing for entrepreneurship, but it's real. You have to have these activities, real things to do. And then the last is that you have to be constantly getting fresh blood into the system. So obviously Stanford is a phenomenal source of that, MIT is a phenomenal source of that. Towns like Boulder that have a natural attraction, we have 25,000 students in Boulder, out of 100,000 people that live there.

So every year there's another 5000 or so students that show up, but it's a very attractive place to live, people want to go there. And if you have these things separate, disconnected from each other they don't work, they have to be linked. Because it's not just that people can show up, but they have to have things to engage in, and an easy way to get involved in what's going on in the overall entrepreneurial community, which has to be led by people who are going to be there for the next 20 years and want to be committed to the next 20 years. So I give you that as a framework, and as part of that, I said 'that's right, that's good, I can talk about that, you know and refine that thought process', but there's nothing quite like trying to codify that. So that's book three. Now I've published two books with a publisher and I think that the publishing industry is completely screwed. So I myself publish a book, because I want to learn about how to self-publish a book. The fourth book is a book I'm writing with my wife called the, "Startup Marriage: How To Survive And Thrive A Relationship With An Entrepreneur". And I speak from experience and many people on this room that are entrepreneurs have been involved in relationships with entrepreneurs probably immediately relate to it. Again its experience because part of the challenge here is to write a book with my spouse in a way that's actually effective.

Right, it's not our full time jobs, to do this together. So we sort of have to figure out how to make that work in the context of our life too. So I give this to you sort of in the framework of 'Do things that you love to do'. And part of what you love to do is where you can get this incredible learning and knowledge from it. For me, the things that inspire me the most and turn me on the most is when I learn something. When I'm involved in experience where I have this sort of continual process of it, discovering and understanding new things. That's always been the driver for me, and frankly I think that's a driver for a lot of, - excuse me - the driver for a lot of amazing entrepreneurs. Yeah, money is fine, and recognition is fine and all that stuff. But really what are you learning? Recognizing that, there does come a point, where you know the lights go out and my father used to say when I was a little kid, the lights go out, they put you in a box, they throw dirt on you and then maybe if you're lucky they publish your picture in the newspaper the next day. You have this experience, get as much as you can out of it.

And again I'm talking to my 19 or 20 year old self. Make sure that you're spending your time on things where you're learning all the time, because that will propel you forward. The last thing on this thread that I want to give you is this notion of "Living Your Life". I hear this over and over again. I talk a lot about work-life balance. I've had my own issues understanding this. When I was 35, so a decade ago, this is 2002ish maybe 2001 in that timeframe, let's say 2001. Amy and I, we're going to spend a long weekend together with some friends in Rhode Island and we flew - we met up in Boston, I don't remember where I flew from, I don't remember where she was. We drove down to Rhode Island, I was on the phone all the way down you know, talking about trying to save some company that was going to fail anyway. We get to our friends house, and I'm still working, its Friday night you know we're drinking a little bit, but I'm still working on something or talking on the phone or some such nonsense and we finally go out to dinner and my phone rings in the middle of dinner and I get up and I leave and you know you come back, at least I'm smart enough to leave the table and go outside the restaurant.

I come back and they're done with dessert. Right so, it gets over, dinner is over. We go back to the room to our friend's house, and you know we hang around for a little while later. We get in bed and for those of you that are involved with somebody, you know if you get into bed, you almost always immediately known if there's something wrong. And you can just sense it. And you know, I'm sort of laying there, and she says to me, 'I'm done'. And I said, "yeah this was a tough week, I'm tired, it's really been a schlep. Man there's so much shit going on". And she says, 'no, no, no you don't understand, you're not even a good roommate anymore'. And I said, what do you mean? She says 'I'm not angry at you, I love you, I think you're awesome, but I'm just done.

I don't want to live like this'. And I said "time out, not interesting to me, let's not go here, you know it's Friday night". She's like 'no, no really I just - this is not working'. And you know, an hour or later of that conversation that I think probably many people have had. We're sort of back to, let's spend the weekend and let's really talk about like, you know the ledge is here, you're no longer on the ledge. And in that moment where, there's always certain moments in time where you can do this and get away with this. But just as we're falling asleep, I nudge her and I say, 'so I guess that means that I'm not getting any tonight huh?' And to her credit she laughed and it was perfect, I didn't get any. But she laughed and I knew that I wasn't on the edge anymore. Like I knew that we could actually have a rational conversation. So we spent the weekend talking about it, I gave her my phone and I said let's - look I've got an engineer's brain, give me some rules, 'Oh that's not romantic, that's stupid.

Let's just try it, it couldn't be worse, like you told me I was a shitty roommate, it couldn't be worse, let's just try it'. And we ended up with a series of rules, an example of some of the rules. We go away every quarter for a week, no phone, no email. So we call it our quarterly vacation off the grid and I've now been doing it for over a decade. And the first two years of it, the first eight or ten times were awful, total traumatic experience to just disconnect for a week, and now I just - I look forward to stepping on to the airplane, giving her my iPhone and getting it back in a week. And you know my assistant knows how to find me, my partners know how to find me if it's an emergency, and they decide there's no emergency that they could possibly want to bother me for. So I'm never bothered, it's wonderful. Another is; we have something we call Life Dinner. So the first night of every month we go out together. Not on a date.

We had plenty of dates. We had plenty of going out to dinners. But we have this very specific dinner on the first night, and I said to her as we were defining this, I said, well, first night every month I can probably commit to that, that'll probably work. She says, 'don't you use a calendar, online calendar?' very sarcastically. And I said yeah. And she says, 'don't they make these things called repeating appointments?' "Yeah." She says; 'why don't you make a repeating appointment from 6pm to 10pm on the first day of the month, from now until forever.' So we have a series of things like that. And on Life Dinner we talk about the previous month and the next month. That's the agenda for the dinner. And it could be a two minute long conversation or it could be a three hour long conversation. It could be wide ranging.

It could be about a specific thing. But we've used that as sort of rhythm in our relationship. Now the reason I'm telling you these stories around this is that, part of what was important to me at this moment in time was, I was involved with this person that was more important to me than anything else I was doing, but who also respected and valued my level of commitment to the things that I did as an entrepreneur and as an investor and the way that I wanted to live my life, and I respect the way she wants to live her life. But the intersection of that was important. We had to understand what that meant in the context of living our lives, and me personally living my life, from that point forward. Part of that, just to finish on it is this idea that there are things that you can do that you want to perfect and understand. And in living your life, sometimes they are baffling to other people. So one of the things that I do, I love to run marathons. And I decided to run a marathon in every state, because it just seemed like a nice symmetric thing to do, so I'm on a quest to do that. Amy doesn't have any interest in running marathons, but she loves to come with me on these experiences.

I started running marathons. I get asked regularly, why did you do it? You know maybe to lose some weight, get in better shape. I actually just like having six to ten hours a week with nobody talking to me and no email and no phone. I like to go run in the mountains and be just left alone. And if I'm training for marathons all the time, I have a perfect excuse to do that. But it comes back to this notion of doing something that you care about really well. And in the context of running marathons, some of it's an experiment for me. So I wanted to see if I could run a marathon on a Saturday and a Sunday. And I wanted to do that not by being a professional marathon runner, but by being just a normal person flying all over the place, working 70,80 hours a week investing in companies and that sort of thing. And so that's what I've been doing.

And so this weekend I'm running my second marathon in a week. So I ran a marathon last week, I'm going to run a marathon on Sunday, on this sort of path doing a Saturday, Sunday experience. I'm not doing it for any other reason other than it's a science experiment. I want to actually know what it feels like to do it, so I can better understand what this phenomena is, in the context of something I'm trying to do, which is run a marathon in every state. That's again coming tied to all the way back to this notion of learning and trying things just to learn how they work and to learn how you feel about how they work. Now, scale it up one more level. You say 'that's nice, the last 15 or so minutes have been this personal rant rather than this rant about how venture capital works.' Who gives a shit about how venture capital works? Because really the essence of what you're trying to do if you're an entrepreneur or if you're investing in entrepreneurs is create amazing new things that impact all of us. And if that's the path you're on, and you're not curious about how life works and you're not curious about how your life works, and you're not thinking about the dynamics of all of those things and how they fit together - why're you doing it? And take a step further if you listen to - get my father reminding us all as he morbidly looks over my shoulder and tells me that someday they'll stick me in a box, 'why're you doing it anyway?'. Unless you're really passionate about it, unless it's something you care about, unless it's something that you want to do. And all - by the way, all of the tactics around it, which you can get from all different kinds of places - probably don't matter that much if you're not working on something that you're completely focused on, completely obsessed about, love to do and are trying to do with perfection.

So, let's do questions for - we got 20 minutes or so? Yeah. Take it anywhere you want. Last week here, last time, it was actually said that you should not try to innovate anything but your one thing and that you should put all your creativity and innovation into one aspect of your project with everything else completely by the book. I get that you're not the kind of person who feels the same way, so I just would like to hear you react to this? I fortunately don't know who the last speaker was, so I can say, unequivocably, I think that's idiotic. And let me tell you why. It's - what that advice is, from my frame of reference, is advice that doesn't - that assumes a priority, that the thing you're going to put all your energy into is the thing that is the pressure point of the opportunity. And I've learned over and over and over again that the pressure point of the opportunity moves around. And at oftentimes your premise, especially very early on in the life of the business, is wrong. And as the business grows and expands, or as your product set grows and expands, the thing that is the opportunity changes. And as an entrepreneur, if you're not flexible enough in the context of the thing you're creating to continue to look at the business as your innovation, not just the product - remember, you have to focus on that product being outstanding, but you're also creating something that scales up.

A 3-person business, a team working on the first version of something that's at point one, that's going to be released to the world as a minimum viable product using a lean approach, right? That's very different than what happens when you've a thousand people grinding away every day, you know, on a business that's growing by 50 people a month. So, as the entrepreneur recognizing that it's not a linear path and it's not a path with one pressure point. Now, if the person's statement was circumscribed by time, then it's a pretty interesting statement because there's only so many things you can work on at any point in time. So, if the statement was put all of our innovation into the thing that you think matters or all of your energy into the thing that you think matters the most, at that moment in time, for a period of time until you get to the next level, whatever that is. Then that makes sense to me. But the idea that you have it linearly over the life of the business doesn't make any sense. When you're raising a fund, how do you convince investors-- When I'm raising a fund, how do I--? How do you convince investors to give you money? I think it's actually remarkably easy. Either you have historical performance that gives investors confidence that you can repeat that historical performance and it's not the performance, but what you did to create that performance. Or it's very, very hard to raise money. Interestingly, if you think about the context of raising money for a fund like ours, we have a very deliberate strategy, and part of our strategy is we're not going to change our strategy.

So, if you're an investor in Foundry Group, you're investing in a strategy that we're going to execute for 15 or 20 years, and we're either going to be right or we're going to be wrong. And you can measure us every time we ask you for more money as an investor. And if we're not doing a good job, you shouldn't give us any more money. So, from my frame of reference, one of the problems that happens, one of the challenges that happens, is that there is a disconnect between this idea of venture capitalists trying to invest capital in innovative entrepreneurs and create amazing new things. That's disconnected from this idea of trying to build a business that's a venture capital business, that has more and more assets under management, more and more people trying to make those investments and have to continually raise more and more money from more and more investors. So, I sort of disaggregated those two problems after having lived the second instead of the first. But frankly, I think if you have a clear strategy and you know what you're trying to do and you articulate it to your investors and your investors have confidence that you can execute on that strategy and you have some historical precedent for that, it's relatively easy to raise money. And if you don't, it's extremely hard. So, it sort of bifurcates rather than being on a spectrum. Your fund is known for thematic investing and getting there early, so if there was an ideal entry point, what would it be according to you and would you rather err on the side of earlier or later? So, the question is where thematic - Foundry Group's thematic investors, do we want to be earlier or later, which would be rather err on the side of? I'd always - personally, I would always err on the side of being earlier.

So, that's a style issue. For me, my point of view is - I'm perfectly happy with the first three years being incredibly messy. We have a deeply held belief at Foundry Group, which is 'we should be willing to lose $10 million of our own money on a deal'. That doesn't mean we're going to lose it in the first 12 months. But we should be willing to keep funding something and keep trying to find that pressure point that creates a business that's interesting at a relatively low burn rate if we believe in the entrepreneur, if the thing the entrepreneurs are going after fits within our themes, if we are passionate about it and if we think that can create something great. And we will be wrong. That's part of what happens. And we'll be wrong for a variety of reasons. So, the business will be wrong for a variety of reasons. But I would always much rather be on the front-end of that process and be part of working through it.

Go back to what I said, sort of abstractly, about being motivated by learning and I think my three partners are very motivated by this as well. I think we've gotten much, much better at helping companies through the activity of helping companies and being involved in companies rather than being right about 'we picked late and we made a little bit of money'. And that's a more satisfying part of the experience for us. Do you have any tactics that you use to like root out that passion in the entrepreneurs? Or if not, I mean - ? Talk, hang out, spend time and get to know each other. Period. You know, the video you saw at the beginning is a spoof, right? I mean you know, the VC as an abstraction where the entrepreneur comes and pitches the VC I think is a silly archetype. It means it's a big part of the business. It's a big part of the way venture capital works, and the way that entrepreneurs and venture capitalists relate to each other. But when I think about the people that we work with, we get to know them and we want them to choose us. It's not just that we're, you know, we're excited about them.

If they're excited about working with somebody else, they should work with somebody else. The first conversation, if you're pitching me is an easy conversation. The seventh conversation if we're hanging out talking about something - it's really obvious. And we're not going to have the seventh conversation if you're not excited about the thing you are working on and if you're not deep into it. It's never going to get to that. So, you said MIT basically switched kind of core, convinced you to switch programmes from computer science, why did you choose Sloan instead of any other branches? So, at MIT, I chose - I should describe it very crisply. I hated anything physical. So, I loved computer software and I hated electrical engineering. I got a gift once for a birthday - a birthday present, I got a power drill without the insides, just a plastic shell. We recently invested in this company, MakerBot, which makes 3D printers, which is just an awesome, awesomely fun investment and incredible team and I put the MakerBot together.

Right now, it's a kit product, takes about 20 hours to put together. Next year they're going to ship a fully built one, you can buy them fully built now. But my partner Jason, myself, and a guy Ross that works for us, put it together and I still can't put little screws on - I just can't - I don't have - I mean I have plenty of dexterity, but not that. So, I just didn't want to do the EE stuff. The other courses - the other places where computer science was an avocation or - minor is the wrong word, but where there is a concentration - it was civil engineering which I had no interest in because it was stuff. And thought to myself 'bridges? Nah'. Math? So, I thought I was pretty good at math, it turns out I was pretty sucky at math compared to the normal MIT person. Physics? Well, if I was sucky at math, I was a disaster at physics compared to - and then Sloan. So it was a little process of elimination, but some of it was also - I was really interested in what today we would call entrepreneurship. I was fascinated with my early heroes.

Where at my summer job between junior high school - between high school and college was for a software company called Petcom, I was their first engineer. I get paid $10 an hour, so if I worked 80 hours, I got $800 bucks instead of what my friends are making, whatever they made for a week, and I got 5% of revenue from the products I created. So, my deal was $10 an hour plus 5% of revenue, they didn't want to give away any equity. And so I'd get checks for $5,000, $10,000 from royalties. So, I sort of was fascinated with this idea of owning and controlling my own destiny sort of even at an early stage. In our class, that I hope you'll be able to join afterwards and talk about your activity blogging. How has that helped you get to where you are now? Sure. So, I started blogging in 2004 because I was fascinated with RSS. I have always been fascinated with technology protocols. So, I have made a lot of investments and my partners have made a lot of investments over the years in SMTP or email-related companies, plenty of other protocols, XML, et cetera.

And RSS was this sort of emerging protocol that, you know, got created in 1999-2000, but sort of started to appear at the beginning of what has been called Web 2.0. So, I was interested in RSS. RSS led me to blogging, because that was kind of the linkage between the two at that point. I always liked to write and I sort of said, well, let me try to figure out how this works, I want to understand how this technology works and so the way to do that is to set up a blog, okay, I'll start writing a blog, hmm, user-generated content is interesting, let me try to figure out what user-generated content means. And the best way to figure that out is to create some, I'm a user, so I'll generate some content and off it went. When I reflect back on what it felt like to hit publish or post at the time on my TypePad blog, when I had no idea who was going to read it. It's a fascinating experience. Like that thought process of did I get it right, is it edited well, does it mean something, is somebody going to read it wrong, did I - and so that was a very powerful learning experience not just in terms of the underlying RSS technology, not just the blogging software infrastructure, but the process of actually creating content and curating and managing my own content creation. So, it comes back to that sort of root because if you look at a lot of things I've done, it's because I was interested in understanding how it worked, because I was curious about how it worked. And from that, sometimes came really interesting things to invest in and other times didn't, but that's usually the origin point for me.

In the back. Thanks for sharing your personal stories with us. So Steve Jobs once commented on Bill Gates at Microsoft, saying that Microsoft is a great company and Bill Gates is great but he just had no taste, and he wished he could have done better if he had tried something, had a broader experience and I think you know, you pretty much resonate with that philosophy. As a young person like, you often have a choice of having a broad range of experiences versus focusing on one thing and do it really well, and Steve Jobs kind of exemplified doing both. I was wondering, what's your take on it, especially for - It's an interesting philosophical question. I don't have any idea what the right answer is, right? I think each person over the course of their life can figure out how broad they want to go on things, and I'll use me as an example. At one point, I like Europe, I like going to Europe, I like hanging out in Europe, I'm not quite sure why, right? As a kid, I went to Europe with my parents, probably that had something to do with it. My wife loves Paris. I love Italian food, like some combination of things. In 1999-2000, I made some investments in Europe.

I did about a half a dozen investments in Europe and I am zero for six. And I just decided I sucked at it. And I decided I was going to spend no more time of the rest of my life investing in Europe. And I do business there, plenty of companies I invest in do stuff there but I wasn't going to learn how to do it. I could learn how to do it, I could get good at it, but I had no interest. And in contrast, in terms of going deep, I had this experience over the summer with Amy of spending a month in Paris and we'd done this two other times. But we spent a month in Paris and this time I worked the whole time I was there, but nothing to do with Paris, right? So, I spent four weeks, rent an apartment and we lived. We went to the grocery store. We had a half a dozen great meals. But we found the local Chinese restaurant.

We found the local pizza place. I went and got, you know, when we ran out of Nespresso capsules and I forgot to go in the espresso store on the Champs-Elysees the day before to get them, I had to climb down the stairs first thing in the morning in my pajamas and go across the street to get coffee and bring it back up the stairs to Amy, like, we just lived. And from that, we had an amazing, amazing time. And we decided we were going to go to all of the cities that we've visited or talked about, but spend a month living over the next 30 or 40 years, hopefully, we'll live that long, right? But for the foreseeable future, we'll pick a place every year and we'll go to it. Now, this is not, we want to travel the world. I don't - there's plenty of places we'll never end up in, right? So, it's again not going broad, but it's understanding this experience of, I've never spent a month in New York City. I've spent a week there. But never spent a month there, right? I've never spent a month in Berlin. And so, I think it comes to you in different ways and there is no right answer and it should be for you. I think that's one of the most interesting things philosophically, especially about people that are entrepreneurs is, you are already oriented to creating the life you want to create and the products you want to create.

I should have said - you're already oriented towards creating the company you want to create and the products you want to create, extend it to create the life you want to create because then I think you're going to be a lot better creating the products that you want to make and the company that you want to make. The sad thing would be you created this amazing stuff and at the end of the journey, you reflected back on it and you weren't that satisfied with the experience that you had. So, it's a great question philosophically. I don't think that there is an answer. You said you did both computing and business at college and how much do you think each of them added value, do you think? Which course added value as an entrepreneur? I did computers and business at college, which helped me as an entrepreneur? Neither. I don't think MIT helped me as an entrepreneur. What MIT did was it helped - it taught me how to think. So, MIT is - I have a lot of friends who have gone to Stanford and I have plenty of friends at MIT as undergrads that went to Stanford as grad students and vice versa. My experience was very simple. MIT was a constant assault on my self-esteem, from day one all the way through, continuous.

I was top of my class in high school; I got a 20 on my first physics test. I didn't know the class average was a 32, right. But I got 20, what do you do when you get 20 when you're 17 years old on your first physics test? You go to your room, you close the door and you cry for an hour. What else do you do? Like, you don't know what the fuck to do like, what I do, who do I call, right? And it was - for me I was there seven years; it was seven years of that. But I look back on it and it really taught me how to think and how to go deep on a problem and to stay on a problem even when I was lost and didn't know where to go with it and just keep on digging into it. But doing it, for me, in a way for anybody that knows me and works with me, I don't do it sort of single threaded, this comes back to the question that the person asked about doing one thing and focusing on one thing, right? It's often sort of floating around and MIT taught me that because you've taken a half dozen classes and you've got a lot of things going on, and you're struggling with lots of different things, but you got to focus and go deep. That's what I got. I think that has helped me enormously as an entrepreneur. But it wasn't just specifics from the classes, right? It was the muscle from the thought process. Brad, last question.

Last question. Make it good, you ready? Yes. From an entrepreneur point of view, if they can raise the money themselves, what is the value of a VC, like what would you tell an entrepreneur who is not sure they actually want money from your company? What are the benefits of taking it from you? Well, so it varies dramatically. And I think, let me make a point that I think there's a misperception among many entrepreneurs, especially first time entrepreneurs, that VCs are homogenous, right? They are very, very different. Let me give you an example. Any VC who says "I'm a value-added investor", almost by definition is probably not a value-added investor, because if you say you are something you might not be it, right? I say it sort of sarcastically, but it's the actions of the individual VCs that you should be focused on. And so, the question sort of gets reversed. If you don't want to take money from me or want to take money from a VC, the only reason you would want to take money is that they are going to do something that's additive. You should be able to discover that through their historical experience and their historical perspective. I think most people will be able to give you a nice laundry list of, here are all the value-add things I can do.

And they're probably not materially differentiated in many cases. In some cases, they may be extraordinarily differentiated. So, I think it's more the question of what's important to you in terms of the creation of your business and what are you looking for and frankly, testing your potential investors with that is useful, but it's also very easy to figure out from the Internet, from networks of people and from being able to talk to people very easily, very transparently who can do what to whom, and who is actually able to deliver on the kind of stuff they talk about doing. So, I'd press down deeper on that and I wouldn't view VC as generic. And again, frankly, I wouldn't view anything as generic in terms of categories because there's different archetypes, but understand the archetypes. So, thanks for having me. Again, brad@feld.com if anybody has follow-ups that we didn't get to, and it's my pleasure to be here.