



Stanford eCorner

Path and Purpose of a First-Time CEO [Entire Talk]

Jess Lee, *Polyvore*

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In this insightful conversation with investor Peter Fenton of Benchmark Capital, Polyvore CEO and co-founder Jess Lee talks about her personal and professional transition from working at a large organization to becoming an entrepreneurial, first-time CEO. Fenton and Lee also examine the priorities of the CEO role, founder and investor relations, and creating the right team to build the product.



Transcript

Join me in welcoming Peter and Jess. I'm going to have the opportunity to introduce Peter and he's going to introduce Jess. My name is Tom Byers and I'm one of the instructors for The Entrepreneurial Thought Leaders seminar series and this is my first Wednesday afternoon with you and I enjoy doing this with my colleague Tina Seelig and Tom Kosnik and the whole crew. Welcome to the Draper Fisher Jurvetson Entrepreneurial Thought Leaders seminar series brought to you by the Stanford Technology Ventures Program and BASIS, the business association of Stanford entrepreneurial students. This talk is archived for the future by SCPD as well as online at simply ecorner.stanford.edu. The entire series is generously underwritten by the venture capital firm DFJ. So, I get to introduce Peter Fenton who's the one on the left. Peter was a student here in the 1990s and - as an undergraduate, as a Philosophy Major, which really makes me happy to report. A Humanities Major, he goes on to get an MBA here at Stanford and then enters the venture capital industry. First seven years of being in an industry, was at a firm called Accel Partners, who you may have heard of them from Facebook and folks like that.

But, then about seven years - six, seven years ago, he became a partner at Benchmark Capital and has been involved in a tremendous number of hits and successes there, including Yelp and OpenTable and others and something I know you've heard about, Twitter. So, without further ado, let me introduce you to Peter. Peter? Thank you. So, Tom threw me a curve ball and said a couple of weeks ago, hey, we've got a change of plans, can you fill in for the gentlemen from Opower that couldn't make it today. And, I thought the last thing you guys would want to hear from is another venture capitalist. And so, I've tried to put myself into your shoes and say, who would I want to have come, talk? And, the - about a millisecond later Jess Lee popped into my mind. Jess had just won the Fortune 40 under - one of the 40 under 40 - I can't remember what number she was but something - in the 30s, maybe the 20s. And, there were really two reasons. The first is that Jess, like myself, sat in your seat; in her case, it was eight years ago in 2004. This class.

She took this class. I crashed this class a couple of times. But, Jess is what we affectionately call in our industry a "Rising Star". And, we spend a lot of time idolizing the people who have arrived and I think not enough time studying people in their ascendancy to greatness, and there are so many things you can learn from a first-time CEO and how they go about it. What's cool about Jess is that it's immediately accessible. So, she faced the same questions, the same challenges, angst, and anxieties that you may face right now in your career, going into. And so, I thought what a perfect opportunity to talk to one of the rising stars; someone, we will be writing books about, I think, maybe in two or three decades and they will tribute back to this - some of the ideas back to what you might hear today. But, first let me spend a second on her company. Jess is part of Polyvore. Benchmark invested in Polyvore in 2008 about the same time Jess joined the company and it's a very simple thesis which is Polyvore is doing to the fashion magazine industry what Wikipedia has done to the Encyclopedia Britannica.

It is truly the creative destruction of an existing industry with a modern, empowered consumer model which I think is going

to change every category of media that we know. It's happened at Wikipedia, at Yelp, at TripAdvisor, at IMDb and Polyvore is doing it in the fashion market. So, what does that mean? Well, there's a value chain in any industry, and in the media industry the value of chain was content, editorial, distribution, advertising. And, along came the Internet and we gave people a voice. And, instead of content being this creative types that wear turtlenecks that you have to pay a lot of money to, it was the community. And, empowering the community and giving them a voice, instead of a value chain, it created a set of concentric circles where at the center of it there is a human being creating beautiful content. That community curated the content and they curate that at Polyvore, at Yelp, at Wikipedia and that draws in the readership. So, instead of having to print magazines and push them out on shelves, people naturally come to your site, either through Google or they download your application. And, then monetization, the really powerful thing is that the advertising is actually endemic to the experience. So the ad is the content.

So, Polyvore is an example of one of the companies that I think we'll look back on and you look at Vogue, InStyle, Lucky, Cosmopolitan, all collapsed into one company. So, the numbers are compelling. The company has double-digit millions of revenue. It's got triple-digit growth. It's cash flow positive. And so, it's one of these rising success story, probably doesn't get as much press as Pinterest; the companies are different, but the structural advantages of the business lead us to think about a multibillion dollar company. And, the story of Jess becoming the CEO, we'll spend a little bit of time on. But, it's one of those magical stories in my career where there is an act of selflessness from Pasha, the then CEO and now CTO of the company, co-founder with Jess. Really selflessness combined with a deep ambition about the company's long-term opportunity and Pasha called me about this time last year, in 2010, and said - 2011 and said, 'hey I've got kind of an idea you may or may not like, kind of a crazy idea. What if we made Jess the CEO?' And, as a director you're like 'oh, what's going on?' You're disoriented.

You're trying to figure out 'okay, how do I help Pasha; let's see if he's had a bad day.' And, I thought about it and it was like thinking about Jess for today, it was immediately obvious. And, within moments the board unanimously, once they found out, had the same reaction I did. Within moments, it was clear that Jess was the natural CEO of the company. And, a lot of what we do in the venture business is identifying the potentials of a CEO, because we typically back first-time CEOs, people who haven't done it before. And, I would - so there is three traits that really define in my experience a successful first-time CEO and they're visible in Jess and hopeful we will hear about some of them today. The first which we'd seen - or experienced working with her is that Jess is a learn-it-all and not a know-it-all. And, it's challenging when you get into a CEO role, you - it's a job no one's - and if it's a first-time CEO, you have never done it before. And, if you're a know-it-all, you begin to immediately think you have to have the answer for everything and you can't ask for input and advice. You quickly get in the water way over your head, and you're likely to drown. And, Jess had proven to us that she knew how to raise her hand and ask questions, but she was a sponge for information.

I saw the same thing, by the way, at Accel when we spent time with Mark Zuckerberg at the beginning, voracious appetite to learn. The second trait which I think is quite rare in human beings is a clear aptitude at building the system that builds the system. Oftentimes if you're a VP in a company, you focus on your narrow area and you just say "Look, I'm going to do my job. I'm a player on the field. I'm going to crush it." Very rarely do you get somebody who says, "How does my job relate to all the other jobs in the company and what's the operating system of the business?" And, Jess had shown to us that she had a way to think about that at a more broad level because, as the CEO, you no longer are evaluated are you a good VP of X, Y, or Z; you're valued on the underlying system that you've built. Jack Dorsey likes to say his focus is on building the product that is the company, not the product that is the thing that gets shipped every day. Of course that's a byproduct of it but - and Jess had demonstrated an aptitude, through her ability, to identify parts of the company that weren't working well, identifying friction points, trying to remove those friction points and so a clear trait of a successful first-time CEO. The third thing, which to me is the romantic thing, the visionary thing, the thing I'm most drawn too is clarity of purpose. And, Jess said to me when we talked - we were having some conversations of does she want to do this or not and, when she talked about Polyvore, she started with the people in the community whose lives were changed by it. And, it was never about Jess.

It was about - this is a service that is taking people in Des Moines, taking people in Rio de Janeiro, turning them into the vanguard in the fashion industry. They could never do this without Polyvore. And, the purpose and mission of the company of empowering people to transform the way they discovered fashion, the way they buy fashion, boy that was magnetic. And, you've heard about this from other people who've come here and say you have to tell a story at a company. You need an epic story that draws people in. It's the way Jack talks about it. The CEO is the Editor-in-Chief. And, if they don't have a clarity of purpose and ability to motivate and inspire what's possible, what if happens - what happens if we get it right? And, Jess had done that. There is a great - if you guys ever get a chance, Google her for her New Yorker article. Jess had a - there was a Polyvore article in New Yorker because we invest in the company.

We said say, hey, one day someone is going to write a story about this company that talks about some people whose lives you've transformed. Because today to get ahead at Vogue, you've got to go, play politics on Madison Avenue, backstab maybe, but let's just say climb your way to the top and where someone sitting in a room in the Midwest that has a fantastic

fashion sensibility is just shut out of the dialogue. Your company has changed that and people are going to want to write about that. And so, Jess in that story, she wasn't the CEO at time, the story was really about Jess even though it was about Polyvore. So, those three traits I think - you can go to all the different skills of the CEO, some are execution oriented, some are great relationship people, some are great visionaries; Jess was the full package from our standpoint as the first-time CEO. A brief background and then we'll jump into some questions. She was born in Hong Kong, came to Stanford in 2000, and went to Larkin once her - went from Larkin and then had her freshman dorm. So, again, took this class, graduated in - from computer science in 2004, then faced the big choice of what next, went to Google, was a sensational Product Manager. And, I'd first heard about Jess from Bret Taylor who was recently the CTO at Facebook, and Bret said, when he started his company, FriendFeed, there was one person we have to hire out of Google and it's Jess Lee. So that's great, but she just contacted another investment we made and asked for a job.

So, which was Polyvore. So it's one of these serendipitous moments, but I - Bret, maybe still hasn't forgiven me. And as I say, she has been identified by a number of people on our world as - at 30-years-old one of the truly great rising star CEOs and so it will be really fun set of questions today, as you guys think about your own careers and the questions that Jess faced and how she answer them, I think there's a high relevance. So with that, welcome, Jess. And so let me ask you - start with a question of when you were in this seat in 2004, did you imagine you would be up here at some point? No. So, my background - so like Peter mentioned, I grew up in Hong Kong and I actually in my senior of high school I told my parents like 'hey, I want to go to art school, I'm going to draw comic books for living.' And my parents said no, no way. They're Asian, so that was not an acceptable life choice. So I ended up coming to Stanford and I ended up majoring in Computer Science because I discovered I really like to build things that people could use. My favorite class here was CS 248, the graphics video game class. And then I ended up at Google, I sort of became a product manager, I was doing basically using my engineering degree as a product manager, but then one day someone showed me Polyvore.

And it was just sort of like love at first sight. So, I mean, I didn't come up with the original idea for Polyvore, all the credit goes to my three cofounders, Pasha, Guangwei, and Jianing. They - Pasha in particular came up with the idea, he started to build it, they launch something and then someone showed me the site and I was just completely in love, I was playing with it two or three hours at night just hopelessly addicted. And then I sent an email to Pasha, I didn't know him at the time, I just said, hey, this site is incredible. I have a lot of idea, some suggestions, I wasn't actually asking for a job, but I just - it was just kind of a user like writing and complaining about stuff, so I wrote my list of complaints. He thought you were - that was a way of begging for a job. And then he wrote back and said, hey, why don't we get coffee? And so we met for coffee and then we all quicked and then I sort of ended up leaving Google and I never imagined that I would be here, yeah. Never - I mean, I went into it thinking, okay, I've always wanted to be - I've always wanted to do a startup, my mom happens to be an entrepreneur, she runs a small interpretation, translation business in Hong Kong, it's a very small business. But I always knew I wanted to do my own thing and I thought, hey, Polyvore is just a way for me to learn about startups. I mean I learned a lot at Google, but the rate of learning sort of went down as I got more and more used to what I was doing there and the company got bigger, so I thought okay this would be a way that I will learn everything I need about a startup and then I will go do my own thing.

And then it became my own thing. So, I mean, I didn't - I wasn't there from the very beginning of Polyvore, but the other three founders they sort of made me an honorary cofounder after a couple of years, because we just - I mean, we did everything together from the very beginning, when there was - we are working out of Pasha's living room and finally we had to find an office like finding an office space, like the toilet breaks, and everything's - water's overflowing. Like, every little thing you have to deal within the early days of a startup we just had to do that together. So coming back to the decision to go to Google, I suppose a lot of people wonder, do you go to a startup or do you go to an established company? And I know for Google it was not yet public or about to go public? It wasn't public at the time. Okay. So it was... Slightly before. Slightly before, but probably you knew it was going to be a good company. Tell us about that decision and whether or not in hindsight you think it was the right move. And I guess along those lines, mentors you found at Google and how they impacted your career? Sure.

So I actually - what I finished - when I graduated or right before I graduated here with a degree in computer science, I thought, hey, I'm going to be an engineer, that's what computer science majors do, and I didn't even know what a product manager was at that time. so I got an offer from Intuit and I was going to be an engineer there. And then I got a call from Google recruiter saying, hey, we have this thing called the Associate Product Manager program, which I highly recommend, if anyone is thinking about that path and it was sort of... Be a Polyvore Associate Product Manager. But it was a program to train product managers straight out of school and it was created by Marissa Mayer, who is now the CEO of Yahoo! and I so I thought okay, I'll give it a shot, I don't know what PMs are. So I went to the interview, not really knowing what to expect. And I remember I actually was so green at the time that when I spoke to Marissa, I was like hey, I don't know if I really want this job, like this is very - I never imagine that I would do this and she explain to me that all the best decision she had ever made in life, when she had to choose between two things, she always chose the path that was more challenging. And so I thought about that and I decided, hey, what I've always planned to be an engineer, but this PM things sound really hard. I have to lead teams of engineers who are much older than me, who know their stuff and I don't, I'm fresh out of school, so I decided to just to try it based on her advice and she did become a mentor in his sort of - we've kept in touch all these years and she was a big, big

influence on my entire career path through Google. Yeah.

I look back on that and I think well I could have started, maybe had a startup out of school, but the great thing that being at Google provided was - there's a few things; one, I got to meet a lot of really, really smart people, some of whom have gone on to do amazing things in Silicon Valley and some of whom I've got them to join Polyvore, because we work together there, so you sort of build your network at a larger company. The other thing is just the experience of being at a larger company and seeing all the - the benefits which are having infrastructure, there is a IT guy to help you when everything is - your computer, everything is broken, the network is down, the great perks of - the culture, the food, all that stuff I got to experience there and Google does have a really, really great culture, it's very engineering driven. But then I also got to experience downsides of a big company like red tape, bureaucracy having to work the system to get launches approved, so I've got to see both sides and then I was able to take that experience and apply it at Polyvore where we're recreating our own culture and our own sort of infrastructure. It made me really able to appreciate, how nice it is to be on a really small team where you just get stuff done really quickly, there's no communication overhead, you know everybody, you know everyone's significant others, like all the great things about startups that are small. I was able to appreciate that so much more because I've been in a larger company. And part of my, one of the Benchmark's founding partners Andy Rachleff has a great post on this, which is that people going to a successful company like Google, called midlife, about to go public or just went public, tend to get more credit than they deserve for the success of the company and those that go to a startup company where it fails, they tend to get more blame than they deserve. So being - put in another way, I think the move, if you think a bit in developing a career going to a success story, there are actually far fewer ways to succeed in my experience than there are to fail. And I'm not clear what you learn from failure, even if there are certain personal lessons you got out of it, but success is it's only unique breed of an education and going to a successful company and today you could say that'd be a Dropbox or Twitter or one could argue has Facebook past that point, I don't know. But I think it's a pretty good proxy for getting experience of hyperscale successful culture and you internalize that... Yeah.

...in theory, the flipside is staying there too long. And oftentimes you stay so much long, you start to get - the ground water gets into - you're being where you start to assume everything as sort of like Google and so I'm going to talk a little bit about that transition because it's a pretty abrupt shift to go from the highflying Google to the backed up toilet Polyvore. And did you - just the decision itself, did you fret over it and I know you didn't come overnight because you seem to wait about six months. And so, how do you think about that transition and maybe what did it feel like for the first phase being in a raw startup? Yeah. So the two things that I was thinking about were, I want to go to some - work on something that I'm passionate about and I was already so addicted to Polyvore, I was using it like literally two or three hours in night, I was a member of the community making lots of sets or collages. So that was one thing that check that box. The other thing was I wanted to go, besides like always picking the more challenging path, the other thing that I find useful is to think about maximizing your learning and I knew that - I've learned a lot - I learned so much in my first year at Google like I had never let any teams like I have poor communication skill, like, all types of things I learned in my first year at Google, but then the rate of learning sort of tapered off. And so I decide, okay, I need to go somewhere where I'm going to learn so much all at once. And Polyvore, by virtue, being so small, and only having engineers, I knew that there was going to be a ton of things to learn. Like we needed to do a lot of things, we needed to find an office space, we needed to create a revenue model and I just knew that there would be space and freedom and opportunity for me to do some of those things there.

So that's why I ended up choosing Polyvore. It wasn't an easy decision. I remember when I went to sign the offer on that day, I was like, what am I doing, have I made a decision, and then I signed in and walked out and say, oh no, what did I just do, so I wasn't crystal clear but it was like one of the best decisions I've ever made for sure. Do you ever in that first phase of acclimating, you think you've made a big mistake? No, I actually have never thought that about Polyvore. There is always been enough positive momentum and it hasn't all been - you read about a lot of companies in TechCrunch, and you think, wow, it's all up into the right and it's so easy, it's not easy like even when things are going well, there is like still lots of moments of unhappiness. Actually just wrote a blog post about this, why startup founders are always so unhappy, if you want to check it out. But, yeah, I mean it's definitely - it was definitely hard and in the beginning - but in the beginning it was hard, and we had no traction and we were small. But at the same time, it was so fun to just continue, we learned things, I was so excited to learn about Mountain View, real estate prices versus Palo Alto, you know, that just made it sort of - that sustained it, sustained and then I realized after some time maybe I should have hired a professional to do some of these things and focus on that the thing that matter more but I've immensely enjoyed all of Polyvore. Sometimes. So let's talk a little bit about the transition to CEO and one of the - just to call out and Jess has mentioned that she is an honorary founder, Jess is a founder of Polyvore, there is no question.

I think one of the things that we - Jack Dorsey spoken of this, we tend to use the term as they'll have some sort of magical power like, well, if you are a founder then like you know, everything's different. But all human beings and we all are founders in our own way of things, initiatives, things to take on and I think it gets overly sensationalized and Jess was, from the beginning, the soul of the product. I think it was very clear to us as I - as we talk about her becoming a co-founder like, well, of course, she is a co-founder. The company actually aggressively pushed equity on to Jess to reflect that which - that was very - this is after

the fact really unless you have a culture the company has but the transition to CEO is a big one and the statistics show most people don't make it successfully. I don't want to jinx it so knock on wood but you've really in way that I haven't seen in my venture career take into the role. Could you tell us about how it's different and a little about, did you want the role? And now that you're in it, how does that change your role? Well, so one of my cofounders and I, Pasha, like we have always done a lot of - like done a lot of the leadership together like and we've sort of found our natural niches for what we were good at like Peter gives me too much credit like I think I am one of the users of the site like I like and i-like-to-shop, I like fashion. So I think about the product that way, but what Pasha is building at is designing architecting systems and thinking about like the feedback loops and just serve the way the product works from a system's design perspective. So I think the combination of those two things is really the soul of what made Polyvore's product take off. In terms of the transition, the way we'd always split responsibilities was, he was responsible for engineering, I was a product manager. He is also a brilliant product guy.

But we - as we started to add more people to the team, like we added a sales team, we added finance and people operations recruiting, it just naturally fell to me that that those people just ended up reporting into me and engineering was reporting into him and so as we grew and other parts of the company grew, it just became more of a natural transition and it's exactly what Peter was referring to. It's about the company becomes the product, not just the product, the website or the app. I mean I - we realized both of us, Pasha and I, that the role of the CEO was shifting from being less about just building the product but building team that builds the product. And so that naturally became more my purview. I always want to - always recruiting for us. So it felt like a pretty natural transition and we discussed it and we decided, alright, let's do it. But I never went into Polyvore ever expecting this to happen. Yeah. It's an interesting thing which - Jess makes the comment, she says 'well I wasn't looking for this' and there are - if I could be simple about it, there are kind of two types of people that come to this - the role of CEO: those that want to be CEO, and those that, if you will, earn the title. And I think founders inherently, when they're founders, CEOs are in the title, because they took the initiative but it's a red flag for us as venture capitalists and someone shows up at our office and says 'I'm really ready to be a CEO, so I'm looking for CEO opportunities.' I'm like 'that's great; you're going to - because you're going to adverse select into the broken companies that are looking for a CEO.' And there was something very natural about Jess's evolution to the role because it's sort of happening in the course of how she was scaling inside of the company.

And I - the ambition to be a CEO is a - can be a dangerous thing but I actually - curious as you think about, now you are in that role, how is it different than maybe you - what your roles before and what's been unexpected about it? Yeah. Well, you know I think the role of the CEO definitely changes as the company gets larger, right, and I went into this assuming like, okay, there's a set of things we need to do in the next, I don't know, at least a year, ma be two years, three years that I think I can do, I think I know how to do these things or I can learn some of them, but I also I went into it thinking like there may be a point at which I might not be the right CEO anymore like maybe taking the company public requires a different sort of person. So I definitely went in with it that way. So I agree like you don't want to - just to be like, you have to be the CEO, it's about what does the company need and what are you actually good at? And this was sort of the right period for me. Things that have been unexpected. I thought I would be able to spend a lot more time working on the product in addition to doing a lot of the other duties. That's turned out to be not the case. I spend so much of my time recruiting and meeting and thinking about architecting the right team to get what we need done. So that's been a little bit surprising. As a control freak, it's been difficult sometimes to let go of some of the product responsibilities.

I was the VP of Product before that. But we have an awesome PM, Rachel, who - like it took me - it took us a while to figure out how to delegate, how to let things go, but I think we've gotten that done so that's been surprising. Oh, the amount of external stuff that I have to do has also been a little surprising. I'm more of an introvert by nature, so having to do that is not the most natural thing, but it comes up a lot. So it's something you just sort of have to push and do, yeah. How about your priorities and so part of this is a bit of a day in the life, how do you think about your weak, your - or, any period of time. And as a CEO, how do you think about setting those priorities? Well, we have a strategic set of priorities for the company and there are parts that are - things that are going very, very well that don't need attention. And the important thing is I think you want to design the company to operate like as a series of blocks that work well and spin on their own and have APIs to the to the others, kind of. So I look for the parts that are not - that need attention or need help and try to spend my time there helping. And that might mean adding a new person or changing a new process or might be the interface between two teams is not correct, so you have to rewrite the API.

But a lot of the time now I'm spending on recruiting and just building parts of the team that aren't there yet like we've - Polyvore has product and engineering, we've got a sales team but we're actually missing a few functions, like we don't have a marketing team, we don't have PR and that is - we've always done our marketing and growth through our community which is a very powerful tool, a powerful force, like they go and tell their friends about the site and that's how we've grown. But now thinking about that being a function, like how do we build that? Searching for - we found a CFO, like a lot of the time just goes there but I try to figure out where I'm needed and then always make sure to pay some attention to product because I think probably the thing I am strongest at. Yeah. And I think it's - that building the system there's editing the team, people have used that as a - you know, sometimes you make the right hire, some time you make the wrong hires and it's a really different role.

Let me come back to, if you were introspect into the development of your career and some mistakes that you've made, that would be instructive maybe for the group to learn from. Anything that stands out? So many. One of the biggest mistakes I probably made early on was not talking to other entrepreneurs at all. I was, you know, heads down working really hard, I just - every problem that we had was sort of dealt with internally, and I think that could be a big mistake, because the only external data points you have about other companies are like things you read about on TechCrunch where everything seems to be doing great, you know, it's all the positive stories, all the spin, all the overnight success stories. At that time, Core wasn't around, so I didn't have that as a resource. I remember I looked at Marc Andreessen's blog, that was probably one of the best resources but I was very insular and so I didn't realize like I didn't have enough perspectives like 'oh, the company is actually doing fine.

In fact, we're doing better than many of the other startups out there' or this problem that I have that feels like the end of the world is actually something that many other companies have gone through and survived or it's actually super common, like everybody has that problem like I didn't even realize that every time someone left the company, I thought, 'oh, my God, it's the - this is terrible, this must mean we are screwing something up' and now I realized that's a natural part of how companies evolve. So that was a big mistake. When I started to talk to other entrepreneurs, it was great for my mental health as well as for getting data points, solutions, ideas on how to fix things. So that was a big, big mistake I think I made in the beginning. Other things, a common thing that - a common mistake I think most entrepreneurs make is being too slow to have someone leave like you just want to - you know, you've invested in bringing someone on, they have left their awesome job at Google or Yahoo! or somewhere else to join you and it's not working for some reason, it might be a role-fit, or might be culture-fit but you just keep trying to make it work because you kind of you made a commitment to them and they made a commitment to you and you know sometimes it's just not a fit and you seem to move on and it's better for them in the long run and it's better for you. That was a hard lesson too. The - shifting gears again then we'll get to audience questions, part of the CEO's job is to paint the vision of the future of the company and I'd love to hear and I think the audience would benefit from hearing the - what's the future for Polyvore look like? And what you visualize as success for the company? Yeah. So Peter talked about the fashion magazine side of Polyvore. There's another sort of trend that we track nicely against which I think is the evolution of e-commerce. So if you think about how e-commerce came about on the web, it was driven by categories like electronics, so buying a digital camera.

And the way you think about buying a digital camera is what, they are research driven, you care about hard numbers and attributes like number of megapixels or price and because of that, the e-commerce experience - the standard e-commerce experience is a search box and then a set of filters like digital camera refined by 10 to 16 megapixels under \$500 and then you start to look at the reviews. And that's - if you - whether you're looking at a clothing site or anything on Amazon.com, that sort of a standard UI but there is actually a whole category of goods that you just don't buy that way like - I have this - I bought this shirt, it's got a specific color, if it's - actually got a huge hole in the back which is kind of impractical but I just like it, that's my taste, I like the shirt and I like the particular brand that it came from. So I am buying the shirt based on my personal taste which is incredibly arbitrary and based on trends that evolve over time like I am sure this shirt will be extremely un-cool in 10 years or two years, I don't know. It will be cool again in 10 years. That's right, yeah. But you know taste is always evolving. So, I think there is a category of products that you buy based on taste. And at Polyvore we are trying to understand people's taste. So, when people mix and match products they like, that's then giving us data saying "hey, this product is cool, these two products go together" we can extract from that a trend; the hole in the back of your shirt trend or whatever. And we can track that over time.

So it's actual - our community is giving us tons and tons of data about taste and from there we can do all kinds of things, like build a better shopping experience that's more discovery and browse based. Have friends, recommend to friends, what they are buying. And so that's sort of the - what I see as the evolution of Polyvore and it doesn't just apply to fashion. It's also - the way you buy a sofa or wall decor, bedding items, but I think there's actually a lot of categories of products that fall into this. So that's sort of where I see the product division going. I've been really moved by the community you've built and some of the stories that come out of that. I'd love to hear your description of the community and com users, but they are not really users, they're the creators of the site and... Yeah. ...some of the personal stories that come out of that. So I think what people don't necessarily realize is when you look Polyvore and why people are making all these collages, these sets.

Some people think they're shopping for themselves. They are creating a personalized wish list of things that they want. That's not what they're doing. It's actually a form of self-expression. I think, especially for women, what you're wearing is sort of an extension of who you are. So it's a form of self-expression. So a lot these people are on the site for creative reasons, for self-expression reasons and they are making fans and building a community. So we've heard all kinds of interesting stories from people in the community who have become friends. We recently had a meet up in New York. We flew members - about 11 members from Brazil fans all over the US, Canada.

Someone who had - she's from a small town in Canada and she's been in - she's never ridden in a taxi before. We brought her to New York for Fashions Night Out, which is a big sort of party on the streets of New York right before Fashion Week.

Limo ride, take a her to the hotel, a great breakfast with everybody and then just seeing the stories that came out of that was really incredible, like people saying, I use Polyvore as a form of self-expression when my father passed away. It was a way for me to sort of get therapy. It was in support from the other members or people making friends and one girl said I've actually - I met someone on the site, who I am inviting to my wedding, and that's the first time we're ever going to meet. So it's really amazing when you give people tools to express themselves and the ability to connect. They really form these super strong relationships. And they just have to at their Facebook, they don't have to actually each other well, but you just, sort of, in the self-expression environment, build real bonds and that's sort of what's happened with our community. We pay a lot of attention to community management. We have a great community manager Nadia who actually talks to the members and meets them.

And when there are issues sometime she'll call them. We've sent flowers to people. We've had someone who was - she was very ill, and we found her blog and we found a sweater that she wanted. So we bought her the sweater and we made a cup and we printed her Polypore set on it and we sent it to her. And you know that's - she was really touched. Her whole family sent us hand written card. Like those little things like that, those little touches, the little human touches make a lot of difference. Yeah, we, at a board meeting - the last board meeting we had, Jess showed us a video of the community members that flew to New York, and I think all of us were brought to tears at the - you underestimate the impact of empowerment on people. When they're given a voice, where they didn't have a voice and a way to self-express, it shapes who they are, it's in the Maslow's Hierarchy of Needs you're at the very tip of the pyramid. They all had just such love for Polyvore and they were saying thank you and, like, if you are an investor, you say, well, these are the people creating the content.

Not only do we not pay them, they're madly in love with the company and yet they're building the company. So it's part of I think the future of a lot of products tapping into that creative power, harnessing it, but making it - and we same the same thing at Yelp. Wikipedia never ceases to amaze me. The Wikipedians it's been - I talked to Jimmy Whales in the beginning of 2002-2003 to try and invest in Wikipedia and he laughed at me. He was like, last time we tried to invest in Wikipedia we killed it. Because they financed it as a company and then quit because it didn't work and then the community took over and then it became Wikipedia. And there are people that were spending hundreds of hours a month curating - for no other value than the sense of connectedness and greater good that it brought to you. So, a great product experience is in touch with that and I think it's one of the really powerful things that you've had going at Polyvore. The last question I want to ask before shifting gears before getting questions from the audience. I'm on your board, and this is a little awkward to ask this question.

But how do you think about us, the board, the venture investors? And you can say what you want. And where, as the CEO you sort of sit in between a lot different concentric circles and integrating them. How do you think about us and then maybe describe the relationship for the audience. Because I think it'll be pretty interesting and I can dispute all the stuff. So part of being a first time entrepreneur I never actually knew what to expect from a board. So we've always had a great relationship and it wasn't actually till late recently we had an experienced CFO join us and she has been CFOing for 15 years and she's been on lots of boards. And she came to our board meeting and she's like 'you have no idea how awesome your board is. They are so thoughtful, strategic, they're on the same page. Like they don't give you - they give advice just at the right level.' And I guess, I didn't even realize that. Yeah I mean, I think our board has always been incredibly supportive.

I think the important thing is, is knowing what your entrepreneur is good at and where to leave them to do their magic. In the one area - the probably one are that they are good at and then how to get them help, right. And I think Peter has always been really good at identifying, like, okay, you guys I'm not going to tell you how to run the project or engineering, you seem to be doing a good job there. But have you thought about this as a revenue model or have you talked to this person. So a lot of the introductions and new relationships, that kind of stuff has always been really helpful. Also our board has been incredibly helpful with recruiting. Like Peter often takes the time to meet some of the VP candidates that were doing - he is great at closing and selling. As you could see he sold me. So he's always been very helpful with that. She is too kind, I mean the boards, particularly at a company like this when we invested, it had three people for the first phase I would say.

You think about do no harm and we don't - boards don't make companies they don't - they can break companies for sure. And for that first 18-24 months, we didn't really have board meeting in a classic sense there wasn't really an operating plan. It wasn't any of the kind of classic stuff because you have a little flicker of a flame and if you try and put the structure that we have, let's say, like the Twitter board where there's a real infrastructure, the board materials go out, we can advance, it's a really disciplined that that wouldn't have been appropriate. And so, a big part of the company and I think what Jess is going through, which is really going to be fun for all of you to watch her skills as CEO, company of 30 people is radically different than a company of 150, and that, well, 3 to 30 is a huge leap but 30 to 150 which is the trajectory you're on means you get to a point you don't know how to run a company, you have to really obsess on building the system, build the system, look for friction points, try and remove them. And that's very different at the very - at the beginning. Where at the beginning you're trying to do things quickly, you have experiments not be bureaucratic and some degree of process has to come in when you get to 150 people that didn't exist at 30 and that's where a board I think, I hope we become more effective, and say 'okay, there are certain things you want to recruit in, expertise. You know if you're - if you are in the credit business, you probably want to - if you're doing payments, you probably want to recruit in some who's an expert at fraud, if you're doing e-commerce, you

probably want to recruit in someone who's an expert at global logistics. Things you know - and I think at a startup, the finance function you can innovate around it, but Cheryl, the person they recruited, who had been the CFO at AdMob. And there is a - there's an equation in recruiting Cheryl, I remember which is at first blush, she was like 'well I was at AdMob, who are you, you're this company that I have never heard of? And you have to have a confidence and believe in yourself - and Jess had this - and to say when Cheryl spends enough time here, she can't not come, she'll be so seduced by what we've created and Cheryl's like 'ah, no, I don't think so.' And we didn't quit and I think that's a great story and we said, let's do an interim role and because we all had this confidence in the company, that if she spends three months in a company, she won't be able to leave and I think it's about two months maybe 20 days she called up and said 'okay, I'm going to join, but it wasn't easy to get me.' Let me shift gears to - well, actually one last question for you, advice in - if you were to rewind the clock, put yourself into this audience, anything that we haven't talked about that you wish you'd known and that you can impart his wisdom to the people in front of you? Yeah, well, I would repeat some of the things that I had said already, like take the more challenging path, optimize for learning as much as possible. The other thing, which has become a common company mantra at Polyvore is do a few things well.

If you're going to start your own thing, maybe you have a grand, grand vision of like, all the different features it's going to have and all the different revenue lines you're going to do, keep that vision but do one piece of that first and do it really, really, really well, it's so much better to do a few things well than many things poorly. For Polyvore the very first thing that we did was the Polyvore Editor, which is the tool where you mix and match and you can create the collages and there were actually other companies at the time and there's still a lot, there's probably 40 people - 40 different companies out there that have a Polyvore Editor but we just focused on building that and making that experience is really fun and really addictive and really fast and smooth. And that was what brought users in. And then we added more features, but if you have a crappy editor feature and a crappy profile and all these other features that are just not that good or a little bit too slow or clunky, like you will lose, you will bleed users, so just really, really focus on doing, like identify the one thing that matters and just make it as great as possible like polish all the details. Alright. I'd amplify that point. It's lost in a lot of educational entrepreneurship that benefit of hyper focus because it comes across as being excessively narrow and there is this tension of well, if you're that focused, aren't you supposed to go after big opportunities and if you perfect the editor as that is going to be transformational social commerce company and the story behind every one of the success stories that I can relate to, be it Facebook, hyper focus on the college market, , Polyvore focus on the niches that you guys started and Yelp focused on 27 year olds in San Francisco writing restaurant reviews. Their competitors were doing 27 million local businesses, all had a homepage day one, let's light up the whole network and Yelp said 'no let's just do this really well.' And building on success is a lot easier than trying to boil the ocean or whatever term you want to use want to use in compounding on success maybe that internal culture or your discipline about it defines I think so many of the success stories from the losers in the category. Well, let me shift to the audience and... Oh I thought of two more things.

Please. One, don't go it alone. I'm really, really lucky to have an awesome set of founders that I work with, like, I don't know what I would do without them like it's hard, it's really hard, you go through all these crazy ups and downs and everything feels like it's like - agony and then ecstasy and you want someone you need a partner to go through that way because otherwise you'll just feel going insane. The other thing is just if you don't have an idea, like I've seen a lot of this - I've seen a lot of this lately where I just want to be at a startup, I just want to co-found a company, I'm just going to do something, I am going to quit my job and just do something. But if you don't have an idea that you are passionate about it's actually really hard to get through those ups and downs, like you will just discard the idea immediately if you don't feel really strongly about it. So if you don't have that idea yet, keep thinking about it but in the meantime go to something productive, like go to another startup and learn - at least learning like how they run it, learn how to manage a P&L or how to be a product manager, just go do something rather than try to sit in a room with a whiteboard with your cofounder and computer, like, being alright what's our ideas, like I think that's really hard. Right. Falling in love with the purpose of a company, it's - I see people go from human to super human when that happens. And I think you fell in love before came so it was very much you were in that sense the founder of the core mission but when you recruit people and you are in touch with - there's a lot of talk of the why, the how and the what of a company. And really great companies spend a lot of time on why do you exist.

And those questions of why are we doing this? You'd be surprised how many people answer it with a blank stare. 'Well, I wanted to do a startup, I want to be an entrepreneur' versus the answers you get from Jeff Bezos or from you or from - I love Twitter's why of 'Twitter brings you closer' and they have a very expansive idea, well, we don't finish that sentence, we let our users finish that. And as there's compounding sense of that's the emotion of the company and it's sometimes easy to make it more mechanical and say okay 'well this is what one does when they start a company and lose the magic, and when it's there it's amazing. You start to close candidates you don't think you can close. You continue to work long hours and feel sense of direction. So... Why don't we open it up for questions and - yeah? Hey Peter. Greg Tarr, nice to see you again. Jess, nice to meet you. My question is I am on the Board of Glimpse and AdMobius and a lot of tensions arise both among the founders and also even among board members from time to time on different directions.

So I wanted to ask you, Jess in your role, how you have been able to moderate disputes or see the differences among

founders, maybe with an example of Peter on your side with other board members in this company or past companies, how you have been able to resolve some of those issues? So to repeat the question for Jess and for me, how do we deal with resolving conflict and tensions that exist between founders and other directors, and maybe founders too? Yeah, I mean we've definitely had sets of strategic disagreements at the company. When it's between the founders, like it's harder because you both have to be there, right. If it's from a new executive you are going to hire, you can actually screen for a lot of those things, like if they say hey I think the direction of the company should be this and you are like wait, wait, wait, wait, that's - we don't want to become - we don't want to carry inventory and ship stuff to Polyvore members, you can screen for that ahead of time but when it's with the founders that's a little bit more difficult. So we - at the end of the day I think you have to be on the same page to the rest of the company, right. So you have to have a unified front. One thing we've tried is - and it isn't really happen that often - but like let's take an example, maybe how - when we are - earlier days like how we were going to make money? We sort of set a time window on these things, like alright we don't necessarily agree about whether we should sell virtual goods to our users or do - sell advertising on the site. But we're going to pick one and that might be influenced by who's actually going to spend time to work on it. And then give ourselves a window to prove that out as - in that - within that window of time and that - at least there is an agreement around that and then after that point you can go back and like alright we totally failed at this like what do you want to do now? Let's go back or let's continue? You can sort of reevaluate it but to give yourself that framework I think is one way to solve it. Yeah, this one of the areas where I think you can learn - hyper-learn conflict resolution. There's all sorts of ways to study how one does it and in my experience there's whole varieties of conflict but they end up shaping your daily existence because those are things that stress you out.

And the first step always in conflict resolution in my experience is you got get people focused on the right goal or agenda. And you can find situations where people let their self-interest get in front of the company interest, that's easy to spot and that happens with directors. Where directors say look I'd like to sell the company or not sell the company and you have to say okay, you have to think about the shareholder here as a third party, this is a bit of the Rawlsian moment of disinterest and saying okay pretend like you could be anybody, what's the right thing for the company? And getting someone to focus beyond themselves to that higher good can really be an antiseptic for most the problems that emerge. The bigger issues in conflict I think come up between executives that are peers and this is a routine problem where engineering wants X, product wants Y, sales wants Z and a lot of what we do in working with the CEO is to help them be the hinge between those executives and there's this moment that occurs in a great executive team where they feel shared interlocking objectives and when you see that, it's like a soccer team moving in perfect flight. You say, 'Something special happened here.' So, it's rare. And, when you don't see it, you say, 'Okay, well, you guys have got to get on the same page and it's very clear from this Board meeting you've got conflict that's being talked about but a lot of it not talked about where there's passive aggressiveness.' And so, by trying to get the foreground more clear and saying these are the things we are committed to beyond ourselves, here's what I have to do to be successful by making that other person successful, and here's what they have to do to make successful. They are interlocking dependencies. You start to move above the two individuals going at each other's throat. But, it's - it defines our existence. And so, there is not a single answer I can give other than you can study it and study it aggressively and I think it serves you well.

The other thing, I think, you need to start with the assumption that it is better to move in a direction versus not to move at all, right? So, if you have one vector, one person wants to go this way, other vector this way, and you're not moving, that is the worst state to be in, like a state of inaction. At least, it's better to go in that direction somehow - so I think we have that understanding. So, when we get into a gridlock, it's like 'okay, we have to solve this because the worst possible thing is to continue to be arguing about it forever.' This thing, Jess, one of the traits of successful first-time CEOs and actually the - one of the death knells is decision-making. And, a lot of times people come to the role CEO because they are smart. Everyone in this room is smart, does well, likes to think about complex problem. Making a decision is something different. And, intelligence can at times be an enemy for decision-making because there is always 'what if?'. And, CEOs that freeze in decision-making very quickly create politics on their team because, if they can't decide, the team says "well, I have to use different means of influence because I'm not getting any direction from the CEO." And, at times, you need to say "look, I'm the CEO, I don't know if I want to pick" but it turns out, just as Jess says, if you don't make a decision and give direction then those problems will bloom into something much worse. And so, it's the old - those comments from field generals and generals at war saying "better to make 100 decisions and have 51 be right and 49 wrong than to make 1 decision a day." And, I think that... Yeah, absolutely true.

...absolutely is true for a CEO because you just never have enough information. You need to move. Yeah and you move really fast. You need to move. Yeah. Okay. Go ahead. Yeah. So, my question was that you talked about, while starting up, you should think about having an idea that you're really passionate about but, at the same time, not start a company alone, have co-founders. So, what - how is the process of finding a co-founder who is as passionate about the idea as you are? And, what are the other qualities apart from passion for the idea and the product that you should look for in a co-founder.

So, I - because I was at Google, I got exposure to a ton of people who I would consider "hey, we really get along, we work together, we think the same way about product design, right?" So, I was able to meet a lot of people who I could consider

starting a company with so be - that's one reason to go to a larger environment first. Then, I think the other thing that I have heard about - I don't know how successful it is - is this thing called "Founder Dating" where you go to this mixer with all these people who want to start companies and get to know people. Sounds horrible. I have no idea if it works but that's what I've heard. In terms of what to look for, in addition to having passion about the same thing, I think you have to make sure you're motivated the same way and you have the same philosophy around the core - whatever is going to be the core of the company. An example of philosophy mismatch is, if you think, alright, I want to run - I want this to be a product and engineering-driven company and the other person is like, no, no, no, I want this to be a sales, business development driven company that is a core mismatch that may break you guys apart at some point. So, you have to screen for those kinds of things, like philosophical stuff. Or, if one person - especially if it's two engineering people, one is like "alright, we just need to do whatever we need to do to get it done. Facebook, move fast and break things; the willingness to break things, we've just got to move quickly and I don't - let's hack a little bit. Or you - if you put that with Apple people who are more like, no, no, no, it has to be perfect; don't release it until it's perfect.

That is a definite philosophy mismatch and that's going to cause major problems for the two founders. So, you have to screen for the things that are - your core values. One thing I found seeing - the best companies always have more than one person where it's not a - sometimes the external world thinks it's all person X, but I've studied a lot lately first-time CEOs that fail; they go on and do it a second time and succeed. And, there are many examples we can point to, obviously Steve Jobs, but there's a long list of them. Studying what does the A/B Test tell you? What do they do differently the second time? A common theme - and it is the theme - is acute self-awareness. The second time around they say I'm not this, this, and this so I better find that in my partner. And, if you're not a great master of execution, you can't assume that you're going to micromanage your way through scaling a business. And so, I have an example now, a company I'm an investor in, New Relic, where Lew the second time around - Lew said, I need - my co-founder needs to be a guy that can run engineering because I love to ideate, I love to create these things, but if I have to run engineering day to day and then he came to me said, look, I need a guy who can run and scale sales. So that acute self-awareness where these three vectors of leadership we talked about, vision, relationship skills and execution skills, it's - I haven't seen somebody that pegs the top of all three of those, you're probably long one, short one and medium on the other. So So, the self-awareness of identifying, okay, what am I really good at, what am I not good at, and mapping your cofounder on to that, means you don't end up in a situation where you have two founders who want to be the visionaries, that doesn't work.

And one of them won't be at the company if the company's successful over a period of time. And so, that acute self-awareness is - this is the A/B Test, what you learn from somebody who gets it right the second time versus the first time and that's part of the learning process. Time for one more question I think. How do you blueprint good decisions? How do you blueprint good decisions, Jess? Well, the way we try to drive the strategy at Polyvore is we have clear overarching goals of what we need to do, like these are - this is where the company's trying to go and this is in particular the metric we're trying to move. So if you take the subjectiveness out of the question, right? So the metric we're trying to move is number of transactions that Polyvore drives a day, let's say we pick that. Then you give that to the team and say this is the number you're trying to move and you can actually clearly see whether they are doing well or not. And after that usually set aside like a list of projects that we think will move the needle on that metric and we may be wrong - we might set that at the beginning of the quarter and at the end we done something completely different but as long as the team still move that metric, that success. So I think you have to structure the teams in such a way where everyone has a clear set of goals they are trying to hit that are actually measurable and that takes a lot of the - the day to day decision-making becomes much more clearer because if you're working on something like should we do this, I don't know if it is going to work, you can just try to test for that or yeah, you can evaluate it based on that metric. Does that answer of your question? In the venture business, we make decisions in all sorts of ways. I would tell you, new investment decisions, it needs to feel - there needs to be something in that decision that feels really uneasy and it sounds counterintuitive but i look back to our investment in Uber, boy, the total addressable market for black cars in - at a price point that Uber had, we thought it could be a tiny market, at the time there were maybe 600 black cars in San Francisco that were licensed that Uber could tap into.

And you had to take this huge leap of faith that you can expand the market. And at the moment I don't know what numbers they have published, but it's there are already more black cars on the street at this point in time than there were total licensed black cars in San Francisco at the time we invested. In any great investment has that moment of just counterintuitive angst and the fact that you still want to do it despite that, tells me that the blueprint of that decision was right because if we just did the obvious things in the venture business, we'd be making iPads and get killed by Apple. Polyvore, boy, it was not obvious and may still be, time will tell. I think that's all - yeah, thank you.