



Stanford eCorner

Monkeys and Managing Your Emotions

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Serial entrepreneur Matthew Rabinowitz unpacks why it's important for entrepreneurs to manage their emotions, with the telling of an early career experience and its amusing comparison to how monkeys are trapped in West Africa.



Transcript

Now I want to talk about how one makes decisions when the underlying variable is just not in your control at all. When I was coming out of my PhD my first company had been sold, it was an Internet company, we were just lucky, it was just the right thing at the right time. The company was sold at \$30 per share. And by the time I could sell - don't knock inflation. So, \$30 per share and not that I had much control over that, but by the time I could sell my stock it was worth \$16 and I thought well I'm not going to sell at \$16, it's worth \$30. And then the stock was worth \$10 and I sold a little bit at \$10, but I thought well that's just irrational, I'm not going to sell the lot at \$10, because if I didn't sell at \$16 why would I sell at \$10? Does anyone know how they catch monkeys in Central Africa? Nobody? So what they do is they hollow out a log and they put these really yummy berries in the log and there is a hole that the monkey puts his hand through to get the berries and the monkey is so apt to have the berries that it won't let go of them although with its fist closed, it can't get its hand out of the hole. And even when the hunters come out to grab the monkey, it still will not let go of the berries, it's just too psyched. And you look at this and you think, I mean, actually you think poor little monkey, but you look at this, you're like you stupid monkey; let go of the berries. So this happened just before the first bubble burst and was right, and I lost pretty much everything. And at the time it was painful.

In retrospect it wasn't such a big deal. It was a lot of money at the time, but it wasn't such a big deal and actually it was a really good thing for me that this happened, a really good thing. It made me work on better problems, it made me a better person, but the lesson that I came out of this with is 50%, half, it's an incredibly powerful number. If you're thinking of selling, sell half. If you're wondering whether to buy, buy half. If you are in a negotiation and you want to make an offer to the other side, but you don't know how they're going to react: offer half. Whatever you do, however it turns out, it's not in your control directly, you're going to be half right and half wrong and you're not going to have regrets. And managing your own emotions as an entrepreneur is probably the most important thing.