



Stanford eCorner

Surviving Extreme Seasonality

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Eventbrite Co-Founders Julia and Kevin Hartz share their insights on enduring dramatic shifts in the economy. They stress the importance of entrepreneurs having “healthy paranoia” and to always expect the worst because economic conditions inevitably swing to the extreme.



Transcript

One of the things I think you do really well as an entrepreneur Kevin is have healthy paranoia. And I think that healthier productive paranoia is incredibly important to setting yourself up to endure extreme seasonality, because as we know things can shift quite rapidly in our world. And by building Eventbrite in an efficient way, because we didn't really have much money to spend, but thinking about ways in which we could build this lean start-up has actually set us up for success. Kevin mentioned in 2008 and 2009 when we failed at raising money. We don't tell that story often. I think I like to try to forget it. We actually saw one of the strongest growth years in the history of the company in 2009. And the reason why is people were coming in droves to adopt the platform to generate revenue on their own. So think about people who had either left their corporate jobs or lost their corporate jobs due to the macroeconomic environment and had discovered Eventbrite to use our platform to teach classes based on their skills or to gather people around common passions and generate revenue. We saw these do-it-yourself-ers, come onto Eventbrite in 2009 as a massive trend.

And we really understood the enablement market and were able to lean into that opportunity. So we actually had a tremendous year in 2009 and we went back to the VC community at the end of that year and showed them our plan and what we had done. It was a completely different discussion in terms of raising money. But I think in terms of the sort of big picture on extreme seasonality you should always be expecting the worst. We see this as somewhat of a cycle that Kevin will ... Yes, this is not to scare. It's to just make you aware that our start-up organisms have to survive in different environments. And we can become a kind of very happy critter, then all of a sudden find ourselves in those deserts and that's when the economy switches or swings the other direction. And that is like if there is any concerns or any notion of what's happening today. Today we're in one of these extreme wonderful periods and when people ask how things are going, it's wonderful.

Capital is aplenty. There are so many opportunities out there, but things inevitably change. And it's really a chance, it's this Darwinian notion again back to the organism analogy or the biology analogy is that the conditions change and you don't want to be a non-adaptive critter in -during one these periods. And yes, it happens, I don't know seven or eight years we can't really predict when it does if you look up the kind of last four impacts that have really struck hard at technology you see over other spheres, it just periodically happens and we talk a lot about the pendulum of capitalism and how as a start-up we act during each of those periods. So when times are going really well, we want to certainly take advantage of that and -but we also want to think of how we continue to increase our efficiency and you're starting to hear that in the market today out there. There is more tweets and discussions of, well, things might be getting a little over heated, let's really think about the money we're spending, because at some point the pendulum it never shifts back to the center, it always swings to the extreme other direction and that's again that Darwinian period where survival becomes a challenge and building an efficient organization, being able to say, having optionality that you're not just dependent on your next \$20 million venture capital raise that you've planned out and then the market window closes, that dries up, what do you do in that case? That is the mode of thinking as a

start-up is to have an option A, B and C and not just the option A of the big financing.