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The Startup Journey: A Marathon, Not a Sprint [Entire Talk]

Joshua Reeves, *Gusto*

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Joshua Reeves, co-founder and CEO of ZenPayroll, explains how building truly impactful products takes time, and how crucial it is to set aside time throughout one's journey for introspection. Reeves also discusses finding meaning by seeing the people in processes and modeling your future by identifying people you admire.



Transcript

It's a pleasure to be with all of you today. Part of the reason why I call Tina my Stanford mom is her son is named Josh as well. So there is that commonality in place. But it was 10 years ago I actually was running ETL. So this was a seminar that I used to manage as a part of BASES. I think I still might hold the record I took this class 14 quarters in a row. So if anyone is close to beating that, please let me know as well. But the main goal of this topic, of this chat is going to be kind of walking through a couple of different chapters in my life, discussing some entrepreneurial stories, trying to share some lessons with all of you and hoping to have some good Q&A afterwards as well. So these are the three chapters we are going to be covering. We are going to be starting with kind of where it all begins, kind of upbringing and college days as well.

I'll be talking about my prior to startup endeavors and then kind of wrapping up with a deep dive into ZenPayroll. But with a really strong emphasis on the why not just the how kind of the motivation to start a business, the values that drive it and then the mission, what does a mission mean when you talk about startups. So in terms of growing up, kind of happy to share with you, I'm one of the few locals. I was actually born in San Francisco. I grew up in Marin County, in which if you haven't been there is great for hiking. And my parents are actually both teachers. My mom is from Bolivia. She came to the U.S when she was 18. My dad is from Pittsburgh Pennsylvania, and they're both the first in their families to go to college. And so, they taught mostly humanities, English, History, Social Studies, so I don't have too much personal exposure to technology growing up.

But I was always curious about how things worked. And frankly to me the entrepreneurial journey that my parents were on to move to a whole new country or city or state is even in itself its own story of wanting to make the most of an opportunity. So the common thread I do see though which I will come back to is that curiosity and then always being very bothered by inefficiency, which as we get to the ZenPayroll conversation you will get a tip of the hat on kind of why that's a relevant part our mission for the business. But to kind of bring it all back to Stanford again; when I was here this building didn't even exist. We used to have the seminars in Terman auditorium, which was a beautiful building just that way which is now a lovely fountain without any building there anymore at all. But when I came to Stanford it was 2001, the bubble had just burst. There was actually from 2001 to 2003, 40% decline in enrolment in the CS major. If you think about that, it's kind of inverse to what's happening these days. But I was really excited to study electrical engineering. For me EE was about really understanding complex systems and I love the mathematical aspect to it.

And I get asked a lot of these days was EE helpful, is EE relevant to what I'm doing today? And I think we are going to talk about that in a bit kind of how academics tie you to what you do in a work environment, but the answer is absolutely now. I am not using Fourier transforms in my day to day job obviously. But the ability to understand complex systems and take these really, really complex problems and simplify them to a couple of key things that matter, whether it's in hiring or whether it's in

making a business strategy decision, whether it's in selling a product, developing software or even in other things like politics or economic development. I really think that. Again that mindset is what's most valuable versus the actual course work that you're going through. So kind of to share a couple of thoughts on college, again all of you are at Stanford or at least a part of the Stanford community that's incredible. This is an amazing institution. I always tell folks if I could buy stock in a University, I would buy stock in Stanford, because it's incredible to see what the University has done over the last 10, 20, 30 years in terms of really driving change in the world. But I think that question I was asked earlier; again a lot of students ask me what should I study to go do this? What should I study to go achieve this goal? And I think to me the real heart and soul of college is really about discovering who you are, discovering what you care about, understanding the things that interest you. And that requires experimentation.

I mean, when I was at Stanford, I worked in three different labs, during my time in undergrad. I worked at four different internships each summer, different experience, different industry, different area to go deep dive, learn. When I was at Intel, my freshman summer, I e-mailed the entire executive team at Intel down in Santa Clara and I said hey, do you have 15, 20 minutes to grab coffee? I'd love to just talk; I'm a freshman intern at Intel. I'd love to get a sense of what you do and also, why you do what you do? And I met with like half the executive team and I remember at one point, I'm talking with one of my colleagues who is a Ph.D. graduate and he was wondering why I was meeting with his boss', boss', boss', boss? And I just said I e-mailed him, it wasn't that hard. It was simply the active putting out that risk of hey, fear of rejection, but also nothing really bad happens if someone ignores your e-mail. They don't put you on a blacklist. If you e-mail them a 100 times in a row maybe, but again one piece of advice there is send that e-mail. As a student you have this almost blank check to either e-mail someone in industry, someone in the company you're working with and just ask for some advice. And most folks that have come through your shoes will want to give back; it's kind of the key to this entire communities idea of giving back, because we've all benefited from it tremendously.

But the key thing I also wanted to emphasize there around school is that there is no right or wrong answer. I think a lot of times -- and again, students are looking for the right path, the key path to go achieve a specific goal. Up until you all go to Stanford, it's pretty clear. You get good grades, go to a good school. Afterwards there is no clear path. It's really what you want to make of it. So make sure you explore. But to shift into chapter 2, this was - right when I was graduating, I was a Mayfield Fellow as Tina mentioned. My internship was at a company named Zazzle. I was either going to do a Ph.D.

in neural prosthetics, which is a really interesting topic if you guys have any questions about it. Or I was going to go join a software startup. And what I concluded was, what I really wanted to do was be involved in solving a problem end to end where I could be understanding the customer need, developing the solution, iterating, developing, improving it and then obviously bringing it to that customer and continuing that cycle. And so that's why I joined Zazzle full-time. I was a product manager which is an amazing job for someone right out of school. It gives you a chance to really understand prioritization, but also again you are kind of responsible for a roadmap, responsible for something being done. You're not actually a manager of anyone. So the ability to influence and inspire without being able to say do this because I told you so is actually a really, really useful skill to have. But what I learned about the mission at Zazzle if you're not familiar is, it was a way for people all over the world to go build products, digital products and then whenever someone else bought it or bought it, those products will be manufactured and shipped out. So for me as a PM it was a chance to go enable people all over the world to make a living, doing things they loved, designing awesome products, expressing their creativity.

And this is actually a photo of Alejandro he is an artist in Uruguay, who literally makes tens of thousands of dollars a year by just uploading his paintings through the Web site at an internet cafe near his house. So, I guess the main advice I have there on kind of choosing where to go when you graduate, is really think about who you want to become like. I think again Stanford students it's easy to kind of want to build frameworks and spreadsheets and come up with 20 different optimizations on growth rate and funding amounts, and all these different ways to determine which company you should join. One way to simplify it is just to think about who would you like to become like? Because you become like the people you spend time with, whether you want to or not. And so, choose wisely would be the main piece of advice there. Another topic related to school that I really am passionate about. This is just one framework, there is many frameworks, but in my opinion there really is two main types of learning. There is academic learning and then there is kind of tactical learning. And academic learning is a chance to learn purely for the sake of curiosity. It's why many of you are here in school today.

It's a chance to go discover, try different things, if you're interested in a subject figure it out. And it's amazing. It's a huge part of my foundation. But everyone has to make a choice at some point on how much of their life should be spent doing academic learning versus tactical learning. And tactical learning happens just as much in a startup. It's learning whatever you need to learn to overcome whatever obstacle is in front of you and then you move forward again to the next obstacle. So it's a different type of learning. For me that was a big part of why I left the Ph.D. program was my desire to have that kind of 90-10 split on academic versus tactical learning shift to kind of a 10-90 split. And today even now it's really awesome to spend some time on campus, speak with different professors, I don't think you ever want to have that go to zero, but the chance to still have that curiosity be explored in whatever discipline you're focused on is really important, otherwise you can get caught up in the

tactical piece, everyday then that can help you get burned out.

So Zazzle grew very quickly. I was there from about 20 employees to about 150. And then in 2008, as Tina mentioned, I started a company with a colleague of mine, actually a friend who I'd gone to Stanford with, but he had been at Google for four years. And the way I'd summarize this startup experience, it was a two-year chapter in my life, was that it was very reactive, to kind of be very open and transparent with you. Again there is many reasons to start a company, and many ways to build a business. This was right when Facebook platform launched in 2008 and I had just been finishing up my Masters, I was working full-time and doing my school part time. I took the class at Stanford called the Facebook class, if you guys have heard about it, it kind of became a pretty infamous class, because of the companies that came out of it. But what happened with this business was we were making \$1000, \$2000 a day really in our first month of operating. And it was these platform of applications where other businesses could go build apps on Facebook, if you didn't have any technical skill sets. So there was some elements of I think mission involved in terms of enabling these business owners.

But it was also just a very reactive business, where we were like hey, this is working, let's keep doing it. And what happened was over the ensuing year, year and half, we kept doing well financially, but it really feel like something was missing. It didn't feel like we knew where we were going over the next 2, 5, 10 years. And as we were hiring teammates, that bothered me. If I didn't feel like this is something I could spend, 10, 20 years working on and speak about thousands and thousands of times with the same conviction and passion, then it didn't feel right. And so that was why even though we had offers for funding at that point, we ended up going down the acquisition route, it was because it didn't -- and no judgment on the space of social media, if you guys are passionate about it, you have to find what's authentic to you. But it just was too fluffy for us and that was why we went through the acquisition. So that kind of leads to a really important I think message which is the power of introspection. I meant I went through a period afterwards for a few months of really trying to understand what I enjoyed doing in the previous several years, what I wanted to do different, what had worked, what hadn't worked. And this is a message in general, not just related to in between startup chapters.

I think one of the beauties of school is you have these quarter systems where basically every -- in between every quarter you have to decide what classes did I like and what classes didn't I like and which classes I want to do different next quarter? And if you can imagine when you start working, those quarters go away. You can have 10 years of work pass by without ever taking a step back to determine do I like what I'm doing. And a lot of folks that don't take that time end up being unhappy even though they're "successful professionally", because they haven't taken the time to really think about, just what they want to spend their time doing. So my biggest advice here is even when you graduate, set up your own quarter semester system. It could be weekly, monthly, quarterly or yearly whatever cycle you are on. This is a photo of Palo Alto Foothills Park. I used to when I lived down here, go down there every Sunday. It's just over Page Mill. And it's a gorgeous park, but for me nature is a place to find solace. Whatever it is that gives you that place to think more deeply about what's working, what's not working, make sure you set aside that time.

Otherwise, life will just pass you by. So for me that introspection led to a pretty extensive kind of thought process around what had been missing in my prior startup? Why had I even though it was succeeding "financially", why was I still kind of feeling like there was something missing? And the answer for me was it didn't feel like a mission. When I had started the nonprofit in college, and we were building this movement around helping students in the U.S and China, go do social projects together, get to know each other better, try to help other people. I would be working till four or five in the morning, I would be recruiting students, we built up all these different chapters, and it didn't feel like work. It just felt like something that I really believed in and I really cared about and I was happy to talk to pretty much to anyone I met. And so I kind of went through this introspective process to figure out what are the types of problems I really cared about and this was the outcome of that. It was really understanding that these are the types of missions that I could get behind and were going to influence how we wanted to spend the rest of my life. And so to go through the three and again these are just personal to me, they could be very different for you. It was number one businesses that help someone make a living doing something they love. That was kind of why I had joined Zazzle in the first place.

It was incredible to empower someone to follow their passions and be able to then live in a capitalistic world with the capital they need to survive. Two is businesses that help someone do something they have always wanted to do, more from an empowerment standpoint. It's one of the most amazing aspects of technology is the ability to kind of take things that previously used to require tons of equipment, or tons of money or tons of people and now literally one person can do it. I mean, what's happening with drones right now for photography and videography is incredible. I have a lot of friends that are really enjoying some of those technologies. And then the third was kind of back to my earlier point on being bothered by inefficiency. Any kind of product solution that just brings massive time savings, massive cost savings to the world was something that I could really get behind. So that kind of leads to the third chapter which is the creation of ZenPayroll. So ZenPayroll we started the company about three years ago and I have two co-founders. We are actually all electrical engineering from Stanford.

So I kind of joke that EE has a lot to do with payroll software. Actually our Head of Design is also EE. Our first engineer was

EE. My wife is EE actually, but nothing against people that are not EE. What really brought us together before we kind of dive into like how we built the business. What brought us together again is not some mapping of strategic skill sets or some spreadsheet optimized on complementary value add. It was values. To me all of us had prior startups. We were all at a very similar stage in life of wanting to go solve a problem that we could imagine spending the rest of our life working on. And that was what glued us together.

It wasn't again some logical mapping of skill; it was frankly the three of us connecting around kind of what we cared about in life and what we believed in. And so, that's one advice I have for folks that are interested in starting companies, when you're starting especially with who you choose to partner with and found a company with, what matters way, way more than skill or expertise is understanding that persons motivations, understanding what they stand for and making sure that's aligned with your motivations. Otherwise it's going to be hard to go build that business together for the long-term. And I think the way I would summarize that is, again there is many ways to build a company. We were solving a problem by creating a business. We were not interested in creating a business to go solve a problem. And it's again a very different mindset to kind of be focused on the problem as your starting point versus all the logistics of building a company. So in terms of how did we choose this idea? We really had two catalysts. One was we had all run prior startups, we had all kind of been through that journey. We had sold prior companies too, but we had all run payroll.

So that was one personal frustration if any of you have run payroll using historical legacy systems, it's a pretty time consuming process. And then two, almost a coincidence, until you realize how many people have small businesses in their family? Each of us had family that had run payroll too. So Tomer, who runs our products team, his father owns a small clothing store in Haifa, Israel and he had been helping his dad in the back office since he was a kid. Edward who runs our engineering team, his mother runs payroll for a doctors office in LA and then my mother in law actually runs payroll for a company down in Silicon Valley. So those are kind of the two catalysts. And again in terms of the business types that we were attracted to, I kind of bucket those into two roles. There is businesses that are out there to go invent, whole new, use cases for the future, things that have never existed before, and Facebook is a great example. And the biggest puzzle there is will a billion people want this? Will 2 billion people want to use this? But there is also a whole other category of businesses that are about really just fixing existing problems, improving existing industries, using changes in technology, shifts in society to go kind of redo what has been done in the past. And these are companies like nest, redoing how thermostats function, companies like Square, redoing how point of sale systems function. The three of us all gravitated towards this category, kind of the ability to from day one with one customer and know that we were actually solving a real problem, really resonated with us.

And again there is many entrepreneurs that have been successful in both buckets but try to figure out as you think about your journey which one you gravitate towards because it's hard to move to the other unless it's what you really believe in. So the way we got started as any startup should is talking to customers. This is Christina Stembel. She actually started a company called Farmgirl Flowers, in San Francisco. It's actually a really cool story, which you guys should all use her products. It's a great flower service. But we talked to a lot of these customers and we are pretty shocked to learn again it wasn't just our pain point. If you're building a business just for yourself, you have to figure out how big is the market, how many people actually share this pain. And we were shocked by two statistics. Number one, we were shocked by the fact that of the 6 million businesses in the U.S today, about a third of them every year get fined for incorrectly doing their payroll taxes.

And that's every year. About a third of companies make mistakes and get penalized. And then the second stat we were shocked by is that about 40% of the 6 million businesses that need payroll, do payroll today by hand. So they do it on spreadsheets, they do it manually. Eddie's mother was one example, having done it by hand for 25 years. So that was shocking to us. That didn't make any sense. If you look at payroll it's a set of complex rules, 15,000 different tax codes and these are entrepreneurs, these are small business owners that have been wearing 20 different hats, trying to figure it all out on their own and they haven't really had the benefit of software to help them, because they weren't really a cost-effective market to go serve. And that's changed. Right now these folks are on the Internet, they have mobile devices, they use Google to search for new products to use they're finally an audience that you can bring a service to.

And it was very clear to us that payroll should not be done by hand. And so we wanted to build a product. I use Gmail as the analogy. You don't have to know how SMTP or IMAP or POP3 works to send a message to someone. You shouldn't have to know all the different tax codes and compliance requirements to go pay someone, to go build a business, which is really a lot of the foundation of the American economy. And so those were two stats that shocked us. And then I think the second thing I will mention is we had never done payroll before. And I think this is a lesson too for a lot of folks that sometimes intimidated by I've never worked in that industry before, how can I solve it, how could I do something better? It's actually a huge strength to not have been in an industry before. As long as you know what you don't know too. So obviously when it came to payroll compliance, we hired some folks with 20 years of experience in taxes and compliance, because it has to be done correctly.

But when we looked at payroll, many of you probably today when you hear the word payroll, think of it as this chore or this hassle or don't even know what it really is until you get paid. We thought of it very differently. And for us we thought of it as

having these two building blocks. On the one side it's an employee getting paid and hopefully all of you are in this boat too, but people love to get paid. I mean, every two weeks we send an email to tens of thousands of people, that says you got paid today. And that comes from ZenPayroll. You can guess what the open rate is of that e-mail, what the click through rate of that e-mail is, so that seems pretty magical. We're kind of enabling this really meaningful part of what it means to work. And on the other side, it's employers rewarding their employees for their hard work, it's helping them feel appreciated for what they have done. And that was a shocking realization.

Again, for us that seemed like common sense, but that's not how this industry has worked in the past. In the past payroll has been an ID number where you get set a specific employee number ID and then you kind of have a transaction, you don't even know when you get paid, it's in your bank account. And for us it seemed very clear that payroll is actually in realty more about people than payments. It's about this relationship between these two stakeholders. So that was something that really influenced how we think about the business. And one of our investors is Drew from Dropbox. They have a very similar story where their first hundred employees no one had a background in storage, because Dropbox was not building storage systems. What they were building was a new way to share and access to information. So don't be intimidated by your lack of knowledge. Again, in many ways it can be a huge asset to you as well.

Just to quickly highlight kind of what our mission is and then we will come back to kind of the why and the how. This is how we think about our identity today. It's to go take all of that unnecessary pain, all of that difficulty that a small business owner has to go through and remove it. I mean these are folks that have been on their own for a long time, no ones told them to go start a business. If any of you go start your own businesses too, it's really a labor of love and it's not just done to go create huge businesses at IPO. Often times it's business owners that are paying for their family, covering their cost of living. And we want to remove that pain. A third of companies should not be getting fined every year for incorrectly doing their payroll taxes. The second is to really celebrate this human aspect of what it means to work. In Silicon Valley we talk a lot about wanting your -- work to matter, wanting to have impact with what you do.

We really believe that same message applies to flower shops, bakeries, cafes, churches, spread across the country. And one of our goals is to bring that ability to those businesses. And then the third one is all about the employee. This is -- again, when you think about different trends in society, people now work in many companies throughout their life. And so the ability to help people save better, plan for retirement better is a key part of our mission as well. But to kind of dive now into the journey as well, this is a fun photo. We were in Y Combinator during the winter 2012 batch, living in a house not too far from here. And whenever you start a company it's a pretty intense time, you are spending a lot of hours together. My commute was walking upstairs which is pretty phenomenal. Today it's about half block walk which isn't too bad either.

But one funny anecdote to share, during that time Eddie actually was living in a city two hours of commuting everyday doesn't make too much sense, so we rented him our closer for \$350 a month. And to be clear too, it had a queen size bed and it had a sky light, probably would rent for like \$3,000 a month in San Francisco these days. Given rent prices, but again it kind of reinforces that message that it's about shared values and really being excited to spend that amount of time together, because it is a very intense experience to build a company. In the same vain, one thing I also love to talk about this kind of the approach to fundraising. For us fundraising has never been about capital. It's about people. And if you think about it from that perspective, you can almost apply the same lens you do to fundraising as you do to hiring. So for us when we hire someone it's about their values and motivation and their skill set. When we fundraise, it's the same idea, this person is now going to become a part of your community, they are going to be an ambassador for your business, they are going to represent you in an external context. And so for us we think about it as very analogous and these are again some amazing folks that we're proud to have involved.

These folks didn't invest, because of the desire to simply make a 10x, 50x, 100x return on their investment. They invested because they really cared about the mission. And this is one thing that makes Silicon Valley really special. All of you are part of this community. It's not a zero sum game, that's what makes in my opinion Silicon Valley really tick. This idea that there is a camaraderie amongst entrepreneurs, where you want to help each other out. And if you care about the mission, you share values with the founder, then by all means you want to support that individual. So, business is doing well. We can gloss over this. We are proud to be serving many, many companies.

We have a lot more work to do. Any success that we have had thus far is due to the team we've built and ultimately we're never done. I mean, that's I think one of the key lessons in startups, something I tell my team pretty often is that we can always get better. I think if you're part of a growing company, we're about 75 employees today. We'll be a couple of hundred by the end of the year. There is an easy pattern to kind of get into where you want to solve a problem, fix it, be done with it and then never come back to it. And the magic of a startup and also sometimes the frustration is that you can solve a problem, have a great conversation, fix that issue and then three days later five people join the company, they weren't there for that. So now they have to go figure out what's going on again from day one. And so that ability to repeat and actually look forward to repeating these discussions and know that every time you can get better has been a key part of our growth thus far. So I kind

of mentioned values a few times.

This is a topic I really love talking about. And I was at a panel recently where someone said you talk more about values than any founder they've met and I'm proud to be called a values founder, if that's what I'm known as. You're never going to see our values on our wall. These are just a couple of them. You're never going to see them printed out on placards. Values are who you are. You don't have personal values, professional values; it's really what you stand for. And again there is no black and white answer here. There is no right or wrong value. But if you're building a team or building an organization, you want to understand your identity.

And then it mostly impacts hiring. It impacts the way that you decide to add people to your team. Otherwise you can become very, very split in terms of what your mission is. So just to walk through these three and by all means if these resonate with you, feel free to use them, make them a part of whatever mission you're on. One of our core values is ownership mentality. And for us, this really means two things. Again, in Silicon Valley every startup gives equity to their employees. But I think a lot of folks overlook the second impact of giving equity. Because it definitely aligns for economic outcomes that's fair, but the other impact is that everyone in a startup is an owner of the business literally, right. And no one should be treated like an employee.

So as a management team, you have to think about how to go empower folks as owners where no one is there just to accomplish a single task. And this one really mattered a lot to me when I was at Intel and I had a great time with Intel, but I remember one anecdote where during that summer I wanted to work on a project, no one was working on it, I needed to get it done and I volunteered to do it and someone told me don't do it, it's not your job to do it. And that thought really stuck with me. How does that make sense? How does that work? How does a company develop that mindset? And this to us is basically the antithesis of that. It's how do you empower people to not just come in and do one job or do one specific task, but to be there to go accomplish this common mission and then do whatever they can to make that a reality. The second one is how I started. Again I think one opinion I have on society is, I think we're all moving towards a much, much faster cadence in terms of instant gratification from whatever we do, whether it's in media or politics or stocks. But building things that are really great that have a big impact in the world, take time. And if you do have that choice or that goal build something for the long-term. Then it's really important to know what that means day to day.

In our case it means how we hire it means how we fundraise, a bunch of different lessons. So again, there is nothing wrong with wanting to build a company for two-years and then planning to sell it. But if your goal is go build it for the long-term, then make that a core part of your DNA, otherwise you can have a mis-alignment within your team. And then the last one is really connected to the first, transparency. Again, there is many different ways to run meetings in a business. In our case every two weeks we have all hands where literally we walk-through financials, performance metrics, lessons learned, I share things that I've done wrong, if I have made a mistake and I own that in terms of ways that we can improve as an organization. And again, it sets a great example to others in terms of trusting your team. If you're going to be an owner in a business, you should be given information to think like an owner. Otherwise a lot of companies get caught up in this privacy, secrecy type thing where it almost turns into a distrust thing where you don't trust someone with the information that they want, because you're afraid what they might do with it. I'd rather just hire people that we trust from day one and then empower them to be owners in the business.

Another topic I get asked a lot about is how does the role of CEO evolve or change? What does it mean to be a CEO? And this is a question I asked myself a lot when I was at Intel as well where the CEO of Intel literally had I think at that point there were 70,000 employees and I wondered how does a person leading a 70,000 person company know how to spend his or her time. You could literally have like an hour free and call a head of state or call a journalist or hire someone or do all these different tasks, how does that not just overload your synapses. And the answer is in some ways it's all about delegation. It's about firing yourself from as many jobs as you can, that's a path I've been on since early days of the company. But what that leaves is kind of where I'm focused. These are the three things that I've concluded are really my long-term responsibilities as a leader in a growing company. The first is really making sure we have set good direction and strategy for the business. Everyone is looking to me to help facilitate but then ultimately drive what matters. Where are we focused? Why are we making this bet? Why is this the direction that's best for the company? And that's something that ultimately I have to be responsible for. The second is how do we organize? How do we communicate? How many meetings do we have? When do we have meetings? Why should we have meetings? And then also, how do we hire? Which roles should we create, which teams should we create? And what responsibilities do we give to those individuals.

And then the third one is again really personal. It's the chance to lead by example. It's basically my actions being what everyone reads into. And most of that manifests in the context of hiring where I spend 50% of my time interviewing people. It kind of might seem crazy to hear that, but that's the way it's been for two years now. And that's probably the way it will be for the next five or 10 years. And so interviewing is a really important skill. If you guys have any questions you can talk to me after, but the ability to interview I think is something that everyone should build as a skill set. When I was at Zazzle as a first job out of school, I was a PM, but I also volunteered to run all of our Stanford College recruiting. It's just like a muscle you have to

iterate and get better at it through practice.

And interviewing again you can always get better. So kind of to get closer to wrapping, I just wanted to highlight, I think it's an incredible time to be in technology and startups. I list out some businesses here, but really the main message is, there is a lot of problems out there and a business exists to solve a problem. So as long as there are problems, there are opportunities for new businesses to be created. And so my encouragement to you is to find a problem that really matters to you, something you care about, something that you really believe should be solved and that really again affects you that it is still persisting in that way the same way that for us realizing that it was a third of companies getting fined and all these business is being run as if he was a transactional system versus a business being about people and community. But that's what spoke to us. If you find something that speaks to you, there is a lot of problems out there waiting to be solved. And that's the magic of entrepreneurship is this idea of wanting to take the impossible and make it real and against all odds with a team that shares a value system and is on this mission kind of say we can do it, say we can do something that everyone says we can't do. And so, again Stanford is a big part of that. Many of you are already a part of that community.

But it's really inspiring to me to see all these examples around us and again all the cool ideas and projects that will come in the future. So kind of wrap on these three lessons, kind of in a summary format, number one introspection. These are kind of the three I'd love to make sure you remember. Make sure you set aside that time, maybe in school it doesn't seem like you need it, because of the quarters or semesters, but definitely after school create some structure that makes you take a step back, detach from the day-to-day. In our company we care so much about this that on everyone's one-year anniversary we give them a free plane ticket anywhere in the world and they have to use it by their second year. So we basically force them to leave. And that's a way for us to get them to go, again leave, detach, take a step back and really think about what they are doing, what they care about and they come back a healthier person, they came back a healthier teammate. Now you can do that on a smaller scale. For me Sunday afternoons and when I go to the gym are really my places of introspection where I try to detach from e-mail, detach from slack or all the different projects I'm working on and it just kind of again think more broadly about what's working, what's not working. How am I spending my time? Number two is again when you decide to join your first company out of school, one way to think about is not this huge complex framework on all these different optimizations, but rather decide who you want to become like.

Right, when you spend time with them, when you're interviewing, interviewing isn't just about them learning about you, it's reciprocal. You're learning about them. And that's your privilege, that's your right to basically ask them questions, understand what they stand for. It's not just about asking for the job, what am I going to do, who is my boss, but ask things like why do you do this, why does this matter to you, and what is your motivation. And I kind of sometimes channel my inner two-year old I will just ask why over and over again, just why. And someone answers and I say why, and you kind of really get back to the core of what drives someone. And if you're going to join a company, you really want to understand what drives the person you're joining, because you're going to become more like them, whether you want to or not. And then the third one, which probably comes across in how I talk about what I'm doing. If you're starting a business, imagine the 10,000th time you're going to be talking about it. And think about if you'll be just as excited and just as passionate as the first time, because by the 10,000th time you definitely can't fake it.

And that was what drove me in my last business to want to sell it and with this business, this is probably my 500,000th time describing our missions, EP. Every time is a privilege, every time is a chance to share with someone something I believe in and care about and ask yourself if you're mission driven, if that will exist, because you can't again artificially create that. It has to be there or not. So in closing, I want to actually read this quote to everyone. It's a little bit long, but I think it's very relevant. This is a quote from Steve Jobs and I think it's a great way to kind of drive home this message. Life can be much broader once you discover one simple fact. And that is everything around you that you call life was made up by people that were no smarter than you and you can change it, you can influence it, you can build your own things that other people can use. That's maybe the most important thing. It's to shake off this erroneous notion that life is there and you're just gonna live in it, versus embrace it, change it, improve it, make your mark upon it.

And I think again, Steve Jobs puts everything perfectly and so rather than me trying to paraphrase I thought it would be better to read it to you. But that is the magic of entrepreneurship. That's the privilege we have of being a part of this community is the chance to go kind of have these bold ideas and against all odds say hey, we are going to go make that a reality. And so if you guys have any questions for me I'm happy to answer them. If you are from San Francisco please come visit, if I can be helpful to you, please let me know. So Q&A I'll throw the first question out. Yes. So you talked about your tricks of interviewing for those of us who do it a lot, it would be super great to get some of your secret insights? Secret insights. So the question is about interviewing.

So most of my interviews, I am now usually the last person in the interview process, because there is lot of other folks involved before that. So my interviews are primarily focused not on skill set, but on values and motivation. So the way I usually love to have that discussion, I mean, the main tip is that why? Which is whenever someone answers, it's easy to see them get

into a pattern of listing out accomplishments or skill sets. Ask why? Ask if they made a life change, why they made that change? And so I always usually phrase the question. To me life is about chapters, I love reading, so I call them chapters. My colleague loves baseball, he calls them innings. But I ask for these different chapters, you have been through, why did you make that transition? What were you looking for? What was different? What was working, what wasn't working? And then for this next chapter you are envisioning what do you want? What are you looking for? Now because the whole goal of the interview is not to have me grill them or them to grill me. It's to understand if there is an alignment. The whole point is just to get to know each other better. Understand your values, motivation and skill set and then figure out, hey there is a match here in terms of what we need and what we want and what you're interested in doing and providing.

And so that's one of the ways that I get to that answer. Any more questions? Obviously like the payroll is different in each state, how do you approach like a new state with a new set of regulations where you know maybe it just doesn't work in one state? How do you approach those cases? Yes, payrolls are very complex. I joke about it, we started two years ago, we launched two years ago. We have been live for three years, we went kind of public access two years ago, payrolls are never in beta, never in pilot, so you never had a period of trial, it has to work right from day one. But we started only in California and today we are in 40 States. We will be in all 50 in the next three months. Every state is actually more like a country. So I kind of joke that we have launched 40 countries now, because of the way the US was created, states set their own policies around tax, around compliance, around reports. So that's much of our -- I would say secret sauce is the ability to take all of that complexity, all of that paper work. Business is not made better by writing their name in a better font.

They just have to write their name and we've to do that for them automatically. So they can focus more on the people side of their business. But it is a complex technical task. Yes? Did you have to make any sacrifices for the sake of your mission for staying true to your mission? Yes, so I think ... Josh, can you please repeat the question. Absolutely. The question was about any sacrifices or trade offs we have had to make in the context of our mission. There is trade offs all the time. And basically to me it ties to prioritization. I mean the biggest puzzle in a business, I get asked that question a lot too is not what are all the cool things we could do? It's what should we do now, because if you're in a business that doesn't have a lot to do, you're probably not a very interesting business.

So I just assume we have a million things to do at all times forever. And so then the puzzle is what we do next? What we do after that? So for us the value system on long-term thinking is why we launched only in California. It's also why we didn't rush launching other states where we would be -- we could have been nationwide with about a partial solution where you have to do your compliance your self, we do the payments for you. And we knew that we wanted to be comprehensive and develop a brand that said you can trust us with every detail. So we basically took two years that could have taken three months to be nationwide, because we want to build a business for the long-term. So every value I think again it drives the behavior where you want to see if you're authentic to it. And it's not black and white. That's probably one of the trickiest parts of the strategy is that if there is black-and-white decisions, that's almost ethical and that's pretty clear. It's like the right way to treat someone, the right way to hire, the right way to empower someone. The tricky part of strategy is you have these two extremes and then you have where you want to be.

And the way I think about it is you want to set a goal. We want to be here in terms of our target and then you want to hold yourself accountable to it. So the key is the accountability piece, right if you set a goal of hey, we're going to be more focused on growth this quarter versus more focused on architecture. Then make sure that you know where you want to be in that process and then hold yourself accountable to it. Yes? So you mentioned about choosing people you admire. So can you name the three people who influenced the way you think about starting companies? Yes, so the question was talking about role models and kind of who I admire, who I look up to. We feel privileged, a lot of the folks I look up to are now investors in ZP. So Randy Komisar, who actually I met through Stanford in a class he taught before he joined Kleiner Perkins. He is one of our investors. He has been a personal mentor for 10 years.

If you haven't read one of his books, the Monk and the Riddle. It's a great book on living a purpose driven life. So he is someone that I'm proud to have involved in the community. And then from an operator standpoint, Jeremy Stoppelman is also someone that has always been inspiring to me. Again, really interesting story in terms of how they started Yelp which I can get to later if you want. But I encourage you to look through the investor list. I guess one message I have though on mentorship I think sometimes people confuse it with wanting to create this kind of hierarchical structured like here is my once a quarter meeting or set of meetings I want to have with people. Mentorship or gaining advice can happen in many ways. It can happen through reading a quote, it can happen through watching a video, it can happen through absolutely face-to-face interactions. My mentors are my parents as well.

In terms of the example they have set to me and the kind of passion they had for creating a whole new life in this new place that enabled me to go do what I want to do. So I would just say, it's not about collecting like famous names or collecting people that you can add to your resume. It really is about the interaction you have with that individual. Yes? So you talked quite a bit about the value of introspection and how that's led a lot of choices. But I was wondering, could you talk a little more about the

conversation that you actually have with yourself, during introspection, how you go about defining some of these personal values in the first place to do that over longer course of time? Yes, definitely. So the question was about introspection and kind of how that journey has evolved for me. It's still evolving. I mean for me, meditation is a key ingredient of that in terms of detaching from the frenetic nature of the day to day and just creating a most -- more peaceful moment in my day to go think about those types of questions, but I don't have a rigid structure. It's not like I have four questions I ask myself and then see how I map and give myself a grade. It's mostly tied to kind of I would say two buckets.

One is, have I spent the time the way I wanted to spend my time. And again, that might seem easy to say, but you actually have to collect data to get that sense. You can say hey, this week I want to spend half my time on recruiting and then -- or I want to spend 10% of my time exercising. And then it actually takes a little bit of homework to figure out, hey I actually spent 2% of my time exercising and 70% of my time recruiting, what's wrong? How do I calibrate? Maybe I should stop doing this, start doing that, delegate this, give this to someone else. So that's one key part of it is kind of the time allocation and seeing if I'm doing what I want to do. Otherwise you just become reactive to the environment you're in. The second one is more just call it like pontification, but it's just me thinking and dreaming a bit about like what the future looks like and different things that could exist, either in my personal life, professional life, kind of trying to push the envelope. And that again is you could call that creativity, I think Tina obviously is very passionate on this topic. That's an interesting part of business building. So much of a business is analytical and framework driven and data centric and we have metrics on growth and revenue rates and hiring ramps, but then so much of business building is this emotional quality of people and people are not objects or metrics, people are unique in their own way and that is the whole point of hiring great people.

Let's go over here. I'm interested in the development of your wish to create your own business, was it something that you had from a very young age or did it develop during your time at Stanford? Yes, so the question was about my desire to create a business. I guess, the way I would phrase it, I've never had a desire to create a business. What I realized and definitely it was at Stanford, because before that I was just more curious, I was bothered by inefficiency, I was curious to learn new things. I felt really good to help other people. When I was in Boy Scouts, I'm an Eagle Scout, we did a lot of work that was service centric visiting my mother's homeland which is Bolivia, a lot of opportunity to go contribute back. That always felt good, because those are just building blocks. Stanford gave me more of a framework on this thing called high tech venture formation, right and the idea of how to use technology with business in a capitalistic society to go solve meaningful problems. But even after that my motivation is not to build a business; it's to go solve a problem. And that's kind of how we think about hiring as well is that we exist as a company to go solve a problem and by the way the way we're doing that is we're creating a company, it has a name, it's for profit, it's registered in Delaware.

We have profit targets, revenue targets, I mean that's still all there, but the driver is solving a problem. This is all just a byproduct. And so if you remember my story, the first startup I started we didn't have a lot of that introspection in place, it just was reactive to just this part of it. And as a result we didn't really know where we were going over time. It just was working financially, but then something was missing. It was after that where I had that time for introspection that it really crystallized to me on what would make me happy, which is always starting with a problem. So that took, I guess, I was 28, 29 when that realization happened. Hopefully my advice to you let's that happen earlier on in your life. Yes? I'm curious, your views on competition and have the legacy payroll operators adapted or change at all? Yes, I think on a business related question like that I will just chat with you after. I want to try to focus on giving some advice to students, but happy to answer that afterwards.

Yes? You studied in Stanford and you said there are some investors invest in your company because they want to support your cause. Do you think it will be the same success you had if you didn't study here, if you were not located in this area in terms of the investment connections? Yes, so the question was really to kind of how Stanford impacted the path we've been on and how much it's helped back? So to be clear going to Stanford is absolutely a plus. If it was a negative I would tell you all that, but no it's a massive plus. But I'd put it in the same bucket of look it's not a prerequisite to building a business. I mean, there is many entrepreneurs, many of my teammates that joined that went to various universities, didn't go to university. So I would put it into the bucket of look there is a lot of ways that people or programs or skill set can help, but one of the beautiful aspects of a startup is that all of that goes away, when you're just three people sitting in a house trying to go build something, and decide where you should be spending your time, all that matters is the way you spend your time. And so, whatever you don't know, I mean, I think Stanford gives you some frameworks. It again gives you this incredible community of people that can help you which you should all stay in touch with each other, because wonderful people go on and do wonderful things. But I really think, no matter what your background is, that's what makes Silicon Valley special is that if you don't know something, you can go learn it. I mean I can talk now lot about leadership and product and sales and marketing.

I didn't take a lot of courses in those subjects. I went and did it and then I'm the type of person that when I was doing something, I wanted to do it well. And so you can kind of think about it from that framework. If you want to learn how to do something, and you're someone that you believe really wants to do it well, just make yourself do it. And there is pretty good bet you're not going to do it poorly. You are going to try to do whatever you can to do it well and in that process you're going to learn a ton about how to do that thing, if that helps. Yes? It's said that what we do is not important, but who we do it with and

what do you think about it and how wise is it? Yes, so the question was around kind of team. And it's not just that what we do, it's who we do it with. So I obviously really, really agree with that message. The way I describe it in our business is it's not just about accomplishing a goal, it's about being proud of how we accomplish that goal.

And the way you accomplish your goal is based on people. It's day to day interactions, the team, the people that we contribute to, that add to our community. And so I think again there is many ways to build a business. But if you do adhere to this philosophy, and wanting to be proud of the journey, versus just celebrate the destination, then you can never go wrong by overly focusing on people. Again it's the biggest enabler of success or failure. Yes? How Part of that team was so many people coming from EE. Did you ever have some issues with too similar skill sets when you're starting? Yes, so the question was around kind of my comment on so many EE folks in the company and was there a downside to that? So I think the broader question is really how similar or different should we would be. And I think it's really important to clarify value system is a philosophy. And again, we don't have the perfect value system, we just have one that we believe is right for us. Skill sets, personality biases, the variety of ways that make us all very different and unique.

Really important to have as much diversity there as possible. So I think from a EE standpoint, we all had a bias towards a very analytical way of thinking. Now in the context of our products and our business, that actually is a prerequisite, because our big insight early on was the ability to go automate this and then make it totally more humane I guess is the way to put it. But to be clear we only have about five or six people, now out of 75 that are EE. So it's a more of a coincidence in terms of our early hiring. Yes, go ahead. Any recommendations from going to -- being three people in a house to create awareness about your product and how do you go from one state to 40 states? How do people become aware that your system was just out? Yes, so I think the question was around kind of marketing and awareness building. In particular when you're just three people in a house, how do you get usage? So I think again it depends on your product. If you're a consumer product, it could as simple as listing in the app store. If you're a B2B product, it's a very different go-to-market.

I guess my message on the B2B side is get out of the house. I mean literally like if you want to have 10 customers, go find those 10 customers. And even before you build your product go talk to them and say hey I am thinking of building this, here is what it will look like, even be a scribble or a list if bullet points and say hey, if this exists, would you want it? And if you get a lot of people that said yes, yes, that would be magical, that would be amazing, I would love that, and then you go build it and say hey, here I built what you just were wanting, it's here, try it. Then you have users, you have customers. So that would be the starting point, is don't think that it's just through a blogpost or a Web site or ads. We didn't do any advertising for the first year and half of the company. It was purely organic driven by very high NPS, great customer satisfaction. Again, building a product that actually works. A lot of companies rush too fast to paid acquisitions, spending money on Google and such. Nothing wrong with that, but if you do that too early on, you don't know if you've actually solved the problem, you're just driving a lot of users through in an unnatural, not cost-effective way.

One more question? Yes, last question. So you are clearly incredibly thoughtful about everything. What are the things that are keeping you awake at night now? Right now I'm in the middle of planning my wedding. So that's one thing that's been on my mind quite a bit. But beyond that, I think one way to also answer that question, I get asked, what keeps you up at night. I sleep great. And that doesn't mean that there's not a lot to do, there is not a lot of problems to solve, there is not a lot of work to get done. But I think that's actually a really important note to make. There's a certain culture in Silicon Valley that celebrates heroics and you stayed up all night, great job and trust me I have done that in the past quite a bit. But I have a saying in the company that I think really drives this message home.

Heroism doesn't scale. Heroes become martyrs. And if you want to build an enduring business that scales many, many years or decades into the future, you have to build a way to grow that ties to distributing responsibilities, empowering others to be owners. So when I think about what keeps me up in night, although I sleep well. It's one of the main puzzles in our business, and in our case it's focus. It's -- are we spending our time on the right things? Are we investing our resources in the right projects? And then, kind of compared to that as well it's even though we are growing very quickly, we're going to be adding 150 people to the company this year, going from 75 to over 200 people. Are we maintaining the culture that makes us special? Are we maintaining the quality of service that has built our success thus far? And that ties to lot of internal things. Most of my time right now when I talk to investors or talk to the team is spent thinking about organization, thinking about the way we communicate, the way we hire and the way we celebrate those first days in the company, all the traditions associated with that. Great. Join me in thanking Josh for this amazing class.