Stanford eCorner

Bottom-Line Sobriety

Susan Feldman, *One Kings Lane*

February 15, 2017

Video URL: http://ecorner.stanford.edu/videos/5072/Bottom-Line-Sobriety

Susan Feldman, co-founder of One Kings Lane, recalls a tough turning point when the home-decor business had to turn its focus away from unfettered growth and toward bottom-line profitability. Speaking with Tina Seelig, professor of the practice in Stanford's Department of Management Science &Engineering, Feldman contrasts the freedom that came with bootstrapping versus the obligations to investors once they became stakeholders.

Transcript

growing, growing, growing, raising lots of money and then, you know, we'd make a decision that actually we need to focus on bottom line, we need to get to profitability, how do we do that? Which meant cutting back, so now all of a sudden you have to take your entire organization, who you've been telling them all along, just do what you need to do to grow this business and make it happen and say, "You know what? We're gonna change things a little bit and we're gonna have to make some changes and we're gonna focus on, you know, bottom line and getting to profitability, it's a hard thing to do within an organization, especially when literally from day one you've had nothing but hyper growth. - Gosh, that must have been really tough. Talk a little bit about your relationship with Venture Capitals at this point. You know, they've not put a lot of money in right? - Mhmm. - First you had, you know, bootstrap business that was running, you making your own decisions. You get this huge influx of money, you're growing to the moon, and now all of a sudden you've gotta start cutting back, how does that relationship shift? - You know what? I give a lot of credit actually to our investors, they were incredibly supportive, I think everybody, you know, was in this for the same reason and so I think they did everything that they could to help us, and they didn't really tell us to do this or do that, I think they made suggestions and they left it up to, you know, the CEO to make you know, the ultimate decision of what to do. Like as an example, we did two rounds of layoffs. I think, when I think back in hindsight, 'cause it's an amazing thing, you know, we laid off the first time I think some 80 something people, we probably should have laid off 160 people and that was a recommendation that was made, but we felt that the organization could potentially fall apart if we did that and we probably would have been fine, you know, but we never had experienced anything like that, so 80 peoples seems so extreme to begin with, the thought of 160 is like where would we even think to take that from, but that was like an example recommendation that did come from our investors, but they didn't say, "You have to do that." You know, tried to help move us towards that.