



Stanford eCorner

Knowing When to Pivot

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Sequoia Capital's Doug Leone identifies some of the signs that indicate when a startup might want to revisit its business strategy. Beyond listening to customers, Leone says entrepreneurs should consider pivoting if they find themselves making sub-optimal short-term decisions that they'll have to pay for in the long run. He speaks with Toby Corey, lecturer with the Stanford Technology Ventures Program.



Transcript

and when do you know you're almost there, and you're just more resolved? - Well, one of them is when the customer's spoken. Nobody's interested. That's a clear signal that you're going down the wrong path. And for those of you wanting to start companies, I will give you a hint there's unlimited type of demand for a product you have not built. So the simple question, if I build it, will you buy it? That is the wrong question. Because people will always buy a product that doesn't exist. You have to understand their second or their issues in their business, why they might buy that and may not. So just take that as a lesson. But first of all, is when the customers speaks, and second, when you are trading the short term for the long term, that is time for you to reconsider your strategy. Now, clearly you got to survive.

You got to work for tomorrow. Think of these, think when she needed, I've had she needed to get through the next day, the next month, assuming you have some resources you can last. The only true north in running a business is what's the best thing for the business over the long term? And so if you find yourself making some optimal short term decisions that you're going to pay for in the long term, it's time for you to pivot a little bit. Maybe not 180 degree maybe not 90 or 180 but at least 10, 15. But everything else, you want to continue to pound and press and press because very few companies, I can't think of any that have had clear sailing. My partner Mike Morris two or three years into the Google investment came to Sequoia and said, "we'd never paid so much for so little." It shows you have fortunes of a company can change. And so, it is the founder, it is you, that are going to zig zag based on new data point, marking a niche on your learnings. But when the customer speaks and there's nothing there, then you want to pivot fast.