



Stanford eCorner

Taking a Lead From Tech [Entire Talk]

Carlos Watson, *Ozy Media*

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Carlos Watson, co-founder and CEO of Ozy Media, describes how its forward-focused digital news magazine, Ozy, looks more toward innovators in business sectors outside traditional media. The Emmy-winning journalist shares the unlikely origins of his entrepreneurial drive, and explains how his wide-ranging career has been fueled by family, curiosity and the thrill of starting fresh.



Transcript

What a wonderful welcome. I'm super excited to be here. It was fun talking to Tom earlier and thinking back to, I know a number of you are undergrads and thinking back to being in the class of a guy named Martin Kilson who was my favorite professor in college in cold weather Cambridge, Massachusetts, and in many ways was the guy who encouraged me to go the entrepreneurial route. But I would love to share with you guys a little bit of what has taken me on this journey. Some of the things I've learned, good, bad, and other, and some of the things I still wonder about because hopefully, I've got a lot more ahead of me. And then at some point, I'll stop, and would love to get questions from those of you here. I often say I didn't start life off headed down an entrepreneurial path. I probably was more likely to be a teacher. I like to joke that I'm related to more teachers than anyone you'll ever meet. Parents, siblings, aunts, uncles, grandparents, I come from a long line of teachers and so that seemed much more likely.

And in my family, there was a very earnest hope that I would become a lawyer. I know you know in many families, lawyers and doctors, sometimes engineers are kind of particularly prized and I think growing up, particularly for me in the 70s and 80s, there was a sense that lawyers often did really good things, often were involved in important causes, had been a meaningful part of the Civil Rights Movement. Thurgood Marshall, who later became Supreme Court Justice and so, for my grandmother who is from Jackson, Mississippi, her most fervent hope was that her grandson, the one who used to break her chandeliers and cause trouble and make her wonder if she had one grandchild too many, she always hoped that I would go on to become a lawyer. So that was on the brain, leaving teaching behind and maybe going on to law school was on my mind. But my sophomore year, I took a course by a wonderful guy named Martin Kilson, and any of you by any chance have heard of Martin Kilson by any chance? Martin Kilson was a wonderful professor at Harvard, and I was an undergraduate. Now to look at him, you might confuse him with a homeless gentleman. You may not know any different. He used to have a little kind of ragged hat that he would wear, and his clothes were always ruffled and he couldn't seem to quite find his way, but I tell you what, Professor Kilson was one of the most thoughtful, interesting, eye-opening people I ever met. And as I took his course, which interestingly enough, was not an entrepreneurial course but was actually a course on politics, back in the, back in the fall of 1989, Professor Kilson challenged me and lots of other students not just to think about law and politics, but to think about becoming entrepreneurs. And that doesn't seem very remarkable today, and that certainly probably doesn't sound very remarkable sitting here in Silicon Valley saying that to you, but sitting in Cambridge, Massachusetts in 1989 and having this ruffled professor say to, to a group of students that included myself as opposed to thinking about the politics that we were so focused on, that may be part of the good change in the world might come from entrepreneurs was really unusual.

Entrepreneurialism wasn't as broad-based, as sexy, there weren't incubators, there weren't accelerators, and so, it was the first time that someone had put that in my mind. With that in my mind, I decided I wanted to learn more about it. And Harvard really didn't have undergraduate courses, and so I started to wander around and I went to the economics department and

wanted to see if some of the professors there would offer some kind of independent study. Of course, they said, "Nah, we won't do that over here." And so they sent me over to the Business School. They said, "Nah, we won't do that." Interesting enough, they sent me over to the Kennedy School of Government. They said, "Nah, we won't do that." They sent me back over to the Business School, and as I was walking, dejected from the offices of a, of a nice guy who was the Dean, Bill Sahlman, who I don't know why he allowed this undergrad in his office but I think he didn't know any better, I probably slipped in the door quickly. He finally said, "Well I have one other idea. "There was this lecturer here who normally teachers "at Babson, his name is Jeff Timmons, "he's an entrepreneur and maybe "you should go talk to him." And man, oh man, may he rest in peace. Jeff Timmons was a entrepreneur who'd done really well with the beginning of cellular phones and also the cable industry. who had decided to teach and Professor Timmons said, "Why not? "Why not do an independent study?" He mainly taught courses at Harvard Business School, and he said, "Why not allow this undergrad "to do an independent study with me, "to sit in all my classes, "visit lots of interesting businesses?" And so, I began a little journey with Professor Timmons.

And he would have me go and meet with different small business people, a T-shirt maker, guy who owned a couple of pizza shops, someone who owned a radio station, and asked them about the good, the bad, and the ugly when it came to entrepreneurship. And that really was the first thing that again, kind of took Professor Kilson's kind of a seed of an idea and took it further, and I think, part of what I heard in the variety of people that I ended up talking to was that it wasn't easy, and that was probably the most obvious thing. Go forward a little bit, I graduated from college. I'm thinking, "Man, I would love to "try something entrepreneurial." My dad, who as I told you, is a teacher, my mom was a teacher, he was not that excited about his boy with a Harvard degree going to do some kind of startup. That wasn't exactly on his list of plans. And I had this crazy idea that these things, anyone here ever eat Buffalo wings? Before they were big, your friend said they were gonna be big. And my dad was like, "Nah, that's a bad idea, "don't do that, no one's ever going to eat them, "why would anyone want them delivered?" And I was like, "Dad, I'm telling you, "these things are great. "You don't always want pizza, "these other things are good too." And lo and behold, for better or for worse, he talked me out of it. It was a good lesson though, and it's a lesson probably a lot of entrepreneurs learn, which is that a lot of times you're wrong, but sometimes you're right, and sometimes when you're right, not everyone's going to be able to see it right away. And while you've got to be thoughtful enough to listen, you may not always follow even the advice of those closest to you, namely your dad whose name you borrow, 'cause I'm Carlos Junior.

So now we are five or six years into it and I still haven't really stepped out and done the entrepreneurial thing. I do go to graduate school here at Stanford, and loved it. Loved the sun, loved the people, loved the openness. This was kind of early '90s and so, while there still were memories and kind of legend and lore of Hewlett-Packard at the time, Steve Jobs and a handful of others, it wasn't, at least to my mind, as robust an entrepreneurial environment as there is today. And it wasn't immediately obvious that those opportunities were out there, not just for kind of entrepreneurial opportunities but even, I remember when one of my buddies who graduated in the mid-90s got a job in venture capital right out of business school, that was considered quite unusual. So the environment in my mind wasn't as rich and as interesting. But I still, I had thoughts in my mind that I wanted to do something but I took a safer route and decided to go work at McKinsey and Company. Any McKinsey or ex-McKinsey folks here? Okay, there's one, yep. A couple, a couple good folks. And so, that was a wonderful opportunity.

It was unusual 'cause I was coming from law school, so I wasn't part of the business school tribe but I was one of the folks who came from science or medicine or one of the other places, in my case it was law, and as I went into it, a good friend stopped me and she said, "You have to promise me that you're not gonna stay longer "than two years." She said, "I know you wanna do something entrepreneurial "and I know if you get in there and you don't go in "with the mindset that this is limited, "you'll end up looking up and it'll be 10 years, "20 years later." And so that was another tick along, so I go into McKinsey and actually, she helped me a lot in saying that because I went into McKinsey not just wanting to do a good job in general, because I'm my mother's son and that's what she wants you to do, but also because I started to think about it more practically. I started to think the better I was for my clients, maybe one day the better I would be in advising myself and my partners and my investors on how to make whatever I started grow. So again, slowly these things were building up in my head and I'm spending time at McKinsey, wonderful opportunities, some here, some overseas. Finally in the, in the later 90s, I decide to go for it. And along with a good friend from college and one of my sisters, I decide to start an education company called Achieva. And actually, I take that back, it wasn't called the Achieva. Originally, it was called Sierra. It was called Sierra College Prep Services. And why Sierra? Sierra just sounded peaceful. Sounded like someone who can bring you joy.

We ended up changing the name 'cause it didn't make sense to anyone. But (chuckles) but at least at the time we started in, as I, the way I ended up doing it, I spent a bunch of time thinking about it, writing a business plan, putting all that together and then with that, I went to go talk to a guy who had kind of become one of my mentors. And he was a super wonderful guy named Marc Jones. Any of you heard of Aeris, a wonderful Internet of Things company? If you don't know Aeris, it's not always a wonderful company but it's run by one of the most wonderful people in the world, Marc Jones. I get teased all the time for saying everyone's nice but Marc is certifiably the nicest guy who's ever been created so, but Marc, I went to go see Marc to tell him a little bit about this idea that I had for a college prep company. And Marc listened dutifully, asked a couple of tough penetrating questions, and then Marc went away. I was like, "Where did he go?" 'Cause he kind of disappeared a little bit

abruptly, and when he came back, he came back with a check. He came back with a check for \$15,000. And I realize that to some of you, that won't sound like very much but for this kid from Miami back in 1996, that was a huge vote of confidence. And Marc said, he said, Marc came from kind of a similar family of teachers and he said, "I know how hard it is for someone like you "to think about walking away from a McKinsey paycheck "to start something, and if I can be a little bit of an "encourager along the way, "if I can be one of the people who pushes you "further down the road, then I want to do it." So Marc handed over that check.

He didn't say this was a loan, he didn't say, "I want X, Y and Z for it", he said, "Go forth and do the best you can." And so at that moment, I was committed, I was into it. The next call went to my favorite uncle. I have a wonderful uncle who looks just like my dad and has the ability to be more fun because he didn't have to put up with my problematic side and I called my Uncle Dunbar, who had never gone to college, my Uncle Dunbar passed up college so that his other two brothers, which included my dad, could go to college and he worked at the equivalent of, worked at a big oil company for 40 years as a technician. And when I called Uncle Dunbar and told him what I was thinking about doing, he, and at the time, I just, I was not smart enough to really understand and appreciate what he did, but Uncle Dunbar had about \$100,000 in his 401K and he wired the whole thing to me, and to my sister. And that was his whole savings, that was, that was everything. And he wired it to me a couple days later. And so with that, my good friend and my sister and I thought, "We're on to something, we're about to win, "this is gonna be good." And we began what ended up becoming a five, five and a half year journey which was neither is as easy as maybe I would have thought, and not as straightforward. Lots of interesting surprises but, we ended up building a nice company, Achieva College Prep services, that helped high school students prepare for college. And not just the SAT prep but, what college should I go to? How am I gonna pay for it? What are these things called essays that they want? Who do you ask for a letter of recommendation? Offering all that kind of advice in a comprehensive way via software, books and workshops. Not just to individual families, but ultimately, to big school districts like Miami and Chicago, Detroit and others.

We ended up selling it years later to The Washington Post which owns Kaplan and bunch of other education companies as well. But it became a big part of my learning, a big part of my growth, a big part of kind of shaping who I was. And I'm gonna come back to that in just a minute, hopefully tie a number of these things together. While at Achieva, I was on TV a couple of times. And talking about Achieva and what we were doing, and so, had a random call from a guy named Elliot one day who said, in effect, he left a voicemail, he said, "I saw you on TV, wondered if you'd ever think about "doing more of that? "I'm in charge of what they call development. "Would you consider talking to us?" Well, I didn't believe Elliot was real, he called a couple of times. And that's because I have a very good friend named Rachel and what Rachel loves to do in this life, and Rachel if you're watching, I'm talking about you. Rachel loved to play pranks on me. Back in the day, Rachel lived in LA, and she would have people call me and say, "Is this Carlos? "Yeah. "Were you just at this party in Hollywood? "Yeah.

"Well we've got this new movie coming out "and we need someone to star opposite Halle Berry. "We think you'd be great. "Do you want to have breakfast tomorrow?" And of course, I was dumb enough to say, "Oh sure, "of course you're calling me, "of course I'm ready to do this." And Rachel would call back a few minutes later and say, "Hey, you want to have breakfast?" I was like, "I can't have breakfast, "I got something." She's like, "Why, 'cause you're talking to someone "who sounded like this?" And so, I just assumed this guy Elliot was just another Rachel prank. I ended up talking to Rachel and it turns out that this time, it's not her. And I got so upset with her. I said, "See? "You've cause so many problems over the years "that I'm now looking a gift horse in the mouth." Luckily, the guy called back, ended up having an interesting conversation and I ended up a couple months, maybe a year later, beginning what became an interesting career in television, first starting out as a guest host. I don't know if you guys know it but it turns out that there are groups of people who work for TV networks that are scouting for talent all the time, and often look for people who, guest appearances and think, "Could you do more? "Could you do more as a talk show host? "Could you do more as a regular host", what have you? And so I ended up spending much of the next several years in television at CNN and MSNBC doing various kinds of shows, often kind of interview shows and really, really enjoyed it. But, a few years ago, sadly, while I was in the midst of that and living in New York, my mom got really sick and, she was living here. And so after a little bit of back and forth, I left that and came to move out here to take care of her. And while, I had never had anyone in my life who had, I was really close to who had, who had gotten that sick, she had late-stage cancer.

And so it, probably for the first time in, I don't know if any of you are like this but I definitely, for whatever reason, assumed I was gonna live a super long time. My mom's mom had lived to 102. Both of her grandmothers had basically lived to 100. And we used to always joke that she was going to live to 125, I was gonna get to a buck 50 and we all were gonna go quite the distance. So I was, as was she, was obviously surprised when it turned out that, it turned out that she was sick. And so it really made me, and I realize this will sound a little hokey, but it definitely made me rethink life a little bit, definitely made me appreciate that it may not go as long as I expect, that it could end sooner than I know and so really kind of pushed me to ask what would I love to do? What would what would bring great joy? What might I be good at? And so began doing a fair amount of soul-searching, and she was part of it. I was often driving her to doctor's appointments and starting to think and she would pepper me, she, ever the teacher, she was a teacher as I said for kind of 40 plus years, teaching everything from kindergarten to college and she would pepper me with questions about what do you really want to do, what do you love? And I realized that there still for me was a hunger and a desire to do another startup, that as much as I had learned and enjoyed Achieva, and as

hard as I'd worked and as many hours I'd put in and as much weight as I'd gained, working seven days a week for five and a half, six years straight, that I wanted in again. And I wanted in with something that I really cared a lot about which for me, I had always, I think in no small part because of my dad, I loved the news and I loved figuring out what was going on and it was less just an intellectual exercise of knowing kind of what's happening when and more, my dad always introduced you to the news whether you were listening to it, watching it, reading it as a way to kind of expand your sense of what you could do. And so when he would read something in the paper or hear something on the news, he would translate it to that conversation you were having with your buddy Billy or that school project you had or that thing you told him you wanted to do. And so I started to think about where the news was at that point, which was a couple of years ago and I found that I didn't love it as much.

I found that it would become a little, a little predictable in a lot of cases, meaning that whatever the handful of big stories were around the world would be the same story you'd see in most publications. And so even though I had more choices digitally in terms of where I'd get my news from that I did as a kid, I found that often they were repeating or emphasizing the same four or five stories. And so I started to think what would different look like, what would magical look like? And I started on a journey of talking to folks at HuffPo and Fox and BuzzFeed and the New York Times and NPR and other places but then, at LaGuardia Airport, I bumped into a wonderful guy named David Neeleman. Any of you ever hear of David Neeleman? Did you? Did he? David Neeleman, the founder of JetBlue, and also I guess Azul now. Any of you guys ever fly JetBlue back in the day? I loved JetBlue when it first came out. And I remember meeting David Neeleman in the airport and saying to him, "Mr. Neeleman, how did you make "an airline that I have an emotional reaction to, "that I actually love, that I kind of look forward to, "that I go out of my way to fly you guys? "I'll change the time I'm gonna fly, "I'll change the location from which I'm flying. "How did you do that?" And he said, "Carlos, I spent a lot of time "studying the business." In fact, he'd started an airline before JetBlue that he'd sold to Southwest Airlines. He said, "But, and I kind of trusted my gut "and what I loved a little bit." And so here was a guy who was kind of slightly tall, not super tall, tired of having his knees banged and made sure that everyone had a little more room. And I can't remember how many kids he had but he said, "Carlos, you know what happens?" 10.

He said, "Carlos, you know what happens "when you have that many kids? "You know what you want more than anything else?" I said, "What?" He said, "TV time." And so I don't know if you guys remember but JetBlue was the first to put TVs on the back of everyone's thing. So, I say that only to say that part of David Neeleman did for me was say that, as I started to think about trying to reimagine the news, as I started to say that as much as I loved the New York Times or NPR or USA Today or any of the other places I'd gone a lot to, if I really was gonna think about trying to creatively reimagine it, it wouldn't just be doing a McKinsey competitor research review, that in part it would be kind of following my heart and asking myself and maybe others I trusted, what would you love? What would make you break habits and start to try something new? And so as much research as we did, my partner Samir and I, a wonderful guy named Samir Rao, decided okay, let's stop and actually ask ourselves that question. What would it take for us to follow along with a new and different kind of news site? What would it take for someone to do what, and we were inspired a little bit I'll have to tell you by Apple and HBO and Tesla, what would it take for us to reimagine a space that already seems plenty crowded? And I say that meaning that for those of you who don't remember, the computer space was pretty crowded when Steve Jobs return to Apple in the late 90s. It wasn't immediately obvious that anyone needed a new and different computer company, and yet still with that little colorful iMac and a lot more, they managed to reimagine what was possible there. And for those of you who like me give credit to HBO for kind of kicking off this golden age of television, many of you remember that when HBO finally started getting hot with Sex and the City and a bunch of others, it was not at a time where there were three or four TV channels, already by then, I had dozens of choices, but HBO still kind of colorfully reimaged what TV can be. And so in our mind we thought, as crowded as this space may be, there may be a chance to kind of think about this whole thing differently. Four things stood out for us that we thought we had to do in order to become for our target audience, which we often called the change generation, not the only place that they go for their news information but we hope their first and favorite. First we thought we have to do a good job of catching you up on the big stories of the day, right? We gotta do it quick, we gotta do it fast, almost as though you were the president and hence, we created something called the Presidential Daily Brief which some of you may see when you look right here, and I hope some of you are readers of the Presidential Daily Brief. But once we caught you up, we thought the second thing we could do, maybe the more important thing we can do is vault you ahead. Could we introduce you to the new and the next, whether that meant new people, new places, new trends, new ideas? Not a minute or an hour ahead, like might happen with Twitter, but couldn't we introduce you to people and places and things three months, six months, 12 months before you normally might see it on CNN or you might read about it in the Times? And so, not LeBron James or Sheryl Sandberg but maybe the next LeBron, or the next Sheryl Sandberg, and we were inspired in part by Wired.

Any of you remember Wired back in the day, when Wired first got started? Any Wired fans early on? When Wired first got started, you would read stuff in Wired, I used to sit in Borders bookstore for anyone who's, remembers Borders bookstore on University Avenue, I used to sit in Borders bookstore, and you would read stuff in Wired that you would only end up seeing in mainstream publications a year or two later. If there any music fans here? I would say that's what The Source and Pitchfork used to be like a little bit where they were clearly ahead of the curve. So that was the second big piece for us could we not only catch people up but vault them ahead? The third thing is, we thought the design and style and flavor was no longer just a nice-to-have, but it was a must-have for our target audience, that part of what Apple had done was say that, "You know what?" "For

a new generation of people, "whether you got headsets or thermostats, "whether you got a TV show or a place to eat, "they want some style and flavor." And so how we designed, how we wrote, how we filmed, how we edited, what we sweetened with music, we thought all of that was as critical to us as it was to HBO, to Tesla, to others, and so we thought that was the third piece. And then last but not least we thought not only did we have to catch you up and vault you ahead and do it with style and flavor, but if we really were gonna win over our audience, they would never want to think that they missed out on something because Ozy was really narrowly focused, that Ozy was only telling them about the new and the next from the US. They would want to believe that Ozy was telling them about the new and the next, period. And so Ozy from the very beginning was really global. And you spend time on Ozy, you'll end up seeing stories from Morocco and Burkina Faso and Bolivia, as well as from Boston and San Francisco. And so, those were kind of the four big pieces that we set out with three and a half years ago and hoping that we would build for our target audience, which again, we called the change generation, not the only place they would go for their news but we hoped we would build the first and favorite. Now, take a moment on the change generation that I referred to. Often when people hear me say that, they think I'm referring to Millennials and as my mom would always remind me, it was more, she said the change generation is a mindset.

It's more of a psychographic than a demographic. It's people who aren't just okay with things being different but people who actually often think of different with, as a positive connotation. Different food, different clothing, different candidate, different person to spend time with. And so for those folks who we wanted to become their first and favorite, which might mean largely Millennials and Gen Xers, but not only. And so, that was the journey we began on about three and a half years ago. And, give you a little bit of a demo. The Presidential Daily Brief as I said, we produce it everyday and it's meant to say, here are the kind of top 10 stories, but here on the right and on the left, you'll see usually about a dozen stories each day that we hope introduce you to the new and the next, and whether that's an opinion piece or whether that's a rising star, whether that's a piece from the world of politics or even what we call good shit (chuckling) we hope that we're the place that you get a chance to discover the new Daily Show host a year before he's chosen, or the first pick in the NFL draft, or maybe the first time you read about a new book or a new TV show will be on Ozy, that's part of what we hope to bring to you. Ozy's grown. Today, about 25 million people every month will read us or watch us or listen to us, slightly more women than men. About two thirds here in the US, about a third outside of the US.

We've got about 75 people on the team. About 25 here in the Bay Area, 25 elsewhere in the US and 25 around the world. And as we sit here at this moment, I probably would tell you that there are four or five things if I were talking to my younger self that I would say, Carlos probably would surprise you about this journey. The first thing I would say is that at my first company when I started, I later on said that maybe one of the most important hires in the hires that you don't appreciate the value of as much is your head of finance, sometimes called your CFO that until you have a really good one, you never realize how much money you can blow through and how unfortunate that can end up being. But I will tell you that one of the interesting challenges and opportunities that I've learned about this time is in many ways, the importance of HR. The importance of the people who are in charge of people and culture is critical, and I'd say it's even more difficult today than it was when I started my first company. When I started my first company, very few people were entrepreneurs. You didn't have TV shows like Silicon Valley, you didn't have movies like The Social Network, you didn't have 500 startups and so, I think there at least was a little more, there at least was a little more mystery to what a startup was about. Today I think so many of us see kind of a handful of companies that win and do well and we assume a lot of times that it's easier maybe than I think it is, and as a result, we see the good food and the cool drinks and the games so we assume that that's at the heart of it. And I would say that it has been, it has been humbling to realize that one of the most important things that I have to do as a co-founder and as the CEO is really help people appreciate how much hard work is gonna go into it.

And that no matter how much hard work we put into it, still relatively few of us are gonna end up being meaningfully successful at it. That doesn't mean that we won't try hard, doesn't mean we won't have a good idea, but I'd like to say they call it 500 startups for reason, 'cause there's one Airbnb, right? And the other 499 or 400, who knows how many, are people who are gonna put a ton of time in and probably aren't gonna end up exactly where they'd like to be. And so, that actually was the first interesting thing which is that it became really important for us to get some help in helping our team think about what it's like to be part of a startup, what kind of commitment they're making, which may be different than what they see on TV or read about or hear about elsewhere. And so that was one of the surprises I would point out and that I would say. The second thing I probably would say to my younger self is a lot of times when you hear startup, we talk about the creativity that's involved. We talk about the energy. Sometimes we talk about the all-nighters. We talk about the push, we talk about can you find terrific investors? I would say that one of the skills that I think is absolutely critical and that at least I didn't hear anyone talking about was the importance of being incredibly organized. It's funny, I think a lot of us think about startup and we think chaos, and I think the reality is, it's hard to get stuff done, and it's chaos. And yet, those places I think, that are better organized, that actually follow through to get things done, that as simple as this sound, have agendas and have follow-up items and actually tick those things off, I think often disproportionately, those are the ones that end up winning.

I remember years ago talking to a guy named Bill Campbell. And I don't know, did Bill ever come and speak here as well? Bill, who was advisor to a lot of terrific CEOs from Mark Zuckerberg and Larry Page to Jeff Bezos used to say that the biggest

transformation he had seen in the last 25 years of advising CEOs was the number of visionaries who had become superior operators, that as he said, they came to realize that no matter how big and cool their idea was, if they couldn't actually implement it, if they weren't really organized and on top of it, and the kind of person who could bring it to life, that it wouldn't come to life, that they couldn't simply hope that someone else was gonna do it. And so I would say that would have been the second thing that I would have emphasized. And it's not a skill that you hear talked about as much, but I would say that probably was a second surprise. I would say a third thing that I probably would have surprised myself with a little bit is the beauty of a great partner. Who here has had a really good partner before, in sports, at love, at life, in business? Who's had a great partner before? Yeah. I should have known it. (chuckling) I should have known it, and I had good partners at my first company but I learned it all over again. It's, what's been interesting about this time around at Ozy is in effect, I really feel like I probably have two partners. One partner is Samir Rao who, we started the company together.

Samir is from the Detroit, Michigan area. Originally, younger guy. We bumped into each other again, we had known each other a little bit but we bumped into each other in the parking lot of a Chipotle, and there began something really good. And our other partner has been a wonderful woman named Louise Rogers who, until recently, led a kind of billion dollar digital company in the UK that just got sold a little bit ago, but started life off as a waitress. And so, we've been good partners, even though and I'd say maybe because we have very different approaches. I'd say if you gave Samir and me kind of 10 scenarios and said, "You guys answer "what you would do in these cases", I bet you Samir and I, our answers, even after four plus years together, would only overlap six times. And with Louise, I think we'd probably would only overlap three times, and that's even after we've worked together a lot. So very different approaches and yet, we have been, I think, we've been an incredibly effective partnership. I think there's been an openness to debate. I think we've been very willing to allow for lack of a better term silver bullet, so if it's clear that this matters to Louise and we could argue about it forever but the reality is that that's kind of where she is and this one really matters to her, we're gonna go in that direction, same with Samir and hopefully the same with me.

But I will tell you that finding, finding that partner which, I don't know that I can really say, I can think of as a science, I don't know that I could give you great advice as to where to look for that, 'cause it really was a wonderful happenstance in the case of Samir and I coming back together again in that parking lot at Chipotle. But I will tell you that a great partner is a blessing. And my wonderful fiance says that as I was starting to think about what became Ozy, I would complain a lot until the day that I bumped into Samir again, and that the minute I bumped into Samir that the complaining stopped. (chuckling) And the progress started. And so I probably, as someone who is driven and eager and confident, I probably underestimated, or as former President George W. Bush would have said, underestimated the importance of a, the importance of a really good partner. And so that probably was another one of the things that surprised me. Last couple of things I'll share with you that would have surprised me and then I'll stop, I don't think of myself as someone, and maybe it's not, I'd like to think that I'm open and I'm thoughtful and that there's not a ton of hubris and yet, after our first year, we had as good a first year as someone could have when we first got started. We felt like we launched with a good product. We brought in wonderful investors.

We opened with partnerships with NPR and the USA Today. We got to do very interesting things with them. We got a call from Bill Gates, his chief of staff, a couple months in saying, "Our boss really likes what you guys are doing "and can we send people down?" We had all sorts of good things that started to happen right away and our audience started to jump really quickly in terms of size, and before the year was over, we had, on top of the Angel round we had raised, we managed to raise a \$25 million dollar round, which was fairly unusual at the time and fairly significant. So we had a great year. And then we punctuated it (chuckling) by absolutely, and I don't know if you, by absolutely just fucking up. (chuckling) As great a freshman year as we had, and maybe some of you guys can relate to that, we had a horrible second, a sophomore year. I mean, it felt like everything that could go wrong did go wrong. We cared about design so much that we decided to redesign our site and our look, and we did it in such a bad way that it literally screwed up our backend analytics, and really messed up our traffic growth in really bad ways, not to mention kind of pissing off our users. We went into the market and tried to hire folks who we thought would be, could really elevate us to the next level and on paper, these were really accomplished people and I know in a lot of other circumstances, they had done well and I'm sure still will do well, but those turned out not to be right hires for us and we made some hires that set us back, and on and on again. And so, I think another thing I would say to my younger self is the minute that year seems too good to be true (chuckling) be humble enough to appreciate that some of it was probably just good old fashioned luck, and double down afresh.

The last thing I will tell you about my entrepreneurial experience and then I'll pause and, and would love to to take some questions as well is I really like a blank sheet of paper. I know not everyone else does, and I know sometimes it can be intimidating to think where do you start and is this right or wrong? But I, if you like blank sheets of paper, if you like getting to create something afresh, if that doesn't scare you but that actually kind of pulls you towards it and you love the idea of kind of building something new that wasn't there before then I will tell you that being an entrepreneur is one of the most wonderful things possible. There is nothing like going from a blank sheet of paper to a big win, and whether that's the site getting launched, whether that's thinking about ways to get people to fall in love and millions of people doing that, last year we launched our very first television show, meaning we took some of our digital series and turned into a television show and sold that, whether that's been creating an offline experience, meaning a big festival where people who were reading and watching

and listening to Ozy could come in and enjoy, all of that is been terrific and I think as much as I could have guessed that I would enjoy it, I think for some of us, there is a particular joy, and if that turns out to be you, I think entrepreneurship and entrepreneurial opportunities can be terrific. So much more that I can say, but I know I'm supposed to stop and take questions. So that's a little bit about my journey, about some of the things I've learned but I would love to take questions and go from there. (audience applauding) - [Audience Member] So first of all Carlos, thank you very much for your talk. And it's very interesting to see how you go from Stanford then to McKinsey, to then working in TV and then making an education startup and then now with your host. What would you say in your personal life has been this great thread in your life that has been kept unwavered and constant? - Yep so, so, given that I've tried very different things from startups to larger places like McKinsey and Goldman to television, to now Ozy, what would be kind of a thread that brings it all, that brings it all together? I guess this may sound a little, a little weird but probably just a willingness and a confidence to try different things. I think a lot of times, any of you guys ever read Paolo Coelho, the author who wrote "The Alchemist" and a lot of other things? He's got this great bit at the beginning of "The Alchemist" where he basically says that we often spend so much of our lives trying to not listen to our inner selves and to try and run away from it, or to try and shut it down, and whether we shut it down with alcohol, whether we shut it down by going to graduate school that's not really for us, but are for our parents, whether we shut it down by doing something else that we're expected to do, we spend lots of our life trying to not listen to who we really are and what we really want to do. And I think for whatever combination of reasons, I think, for better or worse, I was willing, as I became, and to tell you, most of us are interested in a variety of things.

I mean, I think very few of us are interested in only one thing, right? We could pretend that it's true but that's not really true, right? We all have lots of different kinds of music. Some of you probably listen to both Kanye and Sinatra, right? And you don't think that's weird, you just think that's kind of who you are and that's kind of what you like and so, I think I was willing to try that. I honestly think part of my willingness to try new and different things, I often say I give credit not only to my dad but to my mom, and I've worked a lot with students over the years. I think a lot of us aren't, again, more like to Paolo Coelho, aren't always encouraged to kind of pursue our dreams and really kind of believe in ourselves and there's a little bit of, or a large bit of insecurity that I think that often prevents us from getting out of line, right? And so out of safety, we kind of stay in line and we stay in the herd, whether or not that's really right for us. And I think my mom, who had been a teacher, she was a mother late in life so she got married late and then had four kids between the age of 36 and 41, which in that era, would be like saying between 44 and 48 probably today so, I think she'd been a teacher for a long time and I think she appreciated that people learn different ways. And she was a very affirming person, and so, I never take that for granted, and particularly when I work with, with lots of young people, I realize a lot of people don't have that in their life. So I know that's not exactly the answer you were expecting, but I think that my willingness to, to allow life to have some jagged edges and to not treat that as weird but actually maybe to say that that's maybe a little more real I think came probably from, even though I didn't necessarily come from a wealthy background and even though I didn't necessarily come from a family that had a lot of entrepreneurs, a lot of people who had done TV or any of the kinds of things that sometimes would, made those feel safer and easier to do, I think, I think she just did a very good, I mean, a lot of things but among the things is I think, I was really fortunate to, to have a mom who would kind of say, "Go for it." And she often would say, "What's the worst that can happen?" She said, "I'm gonna love you no matter what." She's like, "What's the worst that could happen?" And so, again, I'm very aware that not everyone has had the benefit of that. And I'm not saying that's the only reason why I ended up trying these different things, but I'd say that that was part of it. So, I don't know if that is exactly the answer you were expecting or thinking-- - [Audience Member] The accomplishment of life had kind of zig-zags and you just go over these. - Yeah.

It's interesting, some of you guys may have heard the wonderful commencement address given maybe a dozen years ago by Steve Jobs here at Stanford and you see that thing where he talks about when you look at your life in retrospect, a bunch of things may come together, from a calligraphy class to other things in order to kind of make sense and obviously, that kind of synthesis doesn't happen for everyone, but where it does happen, that's a wonderful thing. So I'll tell you, that was, that's probably it, but a curiosity probably is the other piece too, that I've always been curious and liked good challenges and liked the sense that I'm learning and probably felt like whether I was doing a startup or whether I was fortunate enough to be at a place like McKinsey or whether I was hosting shows, that I was learning. And my mom used to, they bought, back in the day, they had encyclopedias, physical encyclopedias, and they had a World Book and people would come door to door and sell those and she and my dad made a big investment to buy them and they put them in my room, and she used to say I'd just read them for fun. And so, I think I've always kind of had this hunger for, for learning more and get a lot of joy out of that. And so underlying each of these startups and underlying some of the other work I've done, I'd say that's probably been a part of it. - [Audience Member] When you were describing your first couple years with Ozy where the first year, everything was fantastic and you were on top of the world and then shit hit the fan and everything was going bad, but you say what, you decided not to close the doors and that something drove you through this really dark period and came through with something that's great. What was that? Did you ever feel that, okay, I can either change horses totally or do something different or what was it that drove you through that dark period? - You know, I'd probably say several things. One, just a love of what we were doing. So I am fortunate in that, that I actually genuinely love what we were doing and I, and that's probably part of it. And I always, I still always feel lucky because I know that a lot of people work hard but never actually get to help start something.

And so as weird as that sound, I always feel lucky and so even when things aren't going well, I realize that it's not every day someone gets to start something. Probably responsibility, knowing that a lot of people would wire real money to us. A lot of people moved from different parts of the country and the world to come join us too so, I realize that that can sound a little, at worst, paternalistic, but I do feel like I have a responsibility to people who are betting on us and so I feel like I owe something to them. I'm naturally competitive, but I'll tell you what, you know where I've been getting a lot of motivation from more recently? Sports. I've always loved sports, and the number of times, and I'm not a, anyone here a New England Patriots fan? I'm not a New England Patriots fan, but those guys inspire me. For those of you aren't pro football fans, this team, over the last 15 years, has won the Super Bowl five times. The only people who are in common, not the only, but the main characters who are in common are the owner, the coach and the star quarterback. Now you could argue the star quarterback is the greatest of all time but, last year, they lose their second best player, Rob Gronkowski, right before the playoffs. And do they give up? Do they wave the white flag? Do they say no mas? No, they get a guy who basically didn't play college football, played lacrosse in college, and put him out there and he's catching a half dozen passes in the Super Bowl and they were on their way to coming back. And so I would say, believe it or not, all of these interesting comebacks in the last year, whether it was the Cleveland Cavaliers, hate to say that here in the Bay Area, but down through three, one, whether it's the Cubbies, whether it's in college basketball, anyone a college basketball fan? Saw Villanova a year plus to go, saw Clemson, and so that also has played a role too.

Also the last thing I will say is that, and when people used to say this to me before, I didn't fully believe it, but definitely being older has helped. There are things that, when I was in my 20s, the first startup, they would grind my stomach all night. There'd be issues I'd worry about and I wouldn't get sleep for multiple days and I would just struggle with them and they would just, they would just cause me the blues. And I think that today, with a little more experience and being able to maybe see things in a broader context, they don't wear me down in the same way. And so it probably is a little bit like a boxer who, that same blow when that boxer was 18 or 19 might really ring their bell and now, for better or worse. But also, a number of times, we've been really fortunate in having unexpected people on our team step up. One of the best people we've hired was a guy, we've hired a lot of journalists who came from classic backgrounds, New York Times, The Economist, CNN, we've hired some that have come from alternative backgrounds Vice, GQ, and some of the best people we've hired are people I call cross-trainers. One guy who had never been a journalist before, he was a board lawyer in a small town in North Carolina, and he has ended up, no one else would have taken a chance on him, a guy named Sean Braswell, he's ended up writing some of our best pieces. And in fact, two of our first three television shows have been based on things that he's written. Another guy we just hired was an accountant for a restaurant chain in New Jersey.

And, he loved what we were doing, he pursued us for probably three, four, five months. He ended up writing about a dozen freelance pieces and when we finally met him we were like, "Are you willing to take a pay cut? "Are you willing to move? "Are you willing to lean in and "kind of learn this craft and make it work?" And he was, and he ended up being terrific for us. So the other thing I think that probably also helped me get through was just seeing how hard other people were pushing and feeling like, I mean, hopefully, I would have done my part no matter what but definitely, I couldn't let them do it and I'm not doing my part. So-- - [Audience Member] Of the things you've done, has the location in Los Angeles, China, India, does that matter for the things that you are trying to do? Or you can do it anywhere and all that? What's your assessment? - That's a great question. So we're based here in Mountain View, we're based locally. And a lot of people have seen that as a, as a bad idea. A lot of folks have said, "As a media company, "you'd want to be where the New York Times and where "Vice and Vox and BuzzFeed and NPR and others are, "so likely New York or DC, or at worst, "you might want to be in San Francisco or Oakland." And we originally were here, honestly, because my mom lived here and I needed to be close but, hell no, I love Mountain View. They always joke that I should be president of the Chamber of Commerce 'cause I'm such a big fan. And I actually, I always wanted, even after things changed and if I wanted to, I could have left the area, I kind of wanted our team to be here 'cause I felt like if we were in New York, they would always compare themselves with Vice and Vox and BuzzFeed and the New York Times and I actually wanted their competitive set to include Apple and Tesla and Snap and Uber and others. And so I wanted them to really think big and to be open.

I wanted people who they were bumping into at dinner and at parties and at other places to include that set and not just the other set. So I often admire what happened at ESPN, which started in a little middle of nowhere, no disrespect to Connecticut, but Bristol, Connecticut which is not exactly a bustling metropolis, but that's where they built for what was, has been for a time, the most successful TV network, and I don't necessarily think that's an accident. And so yes, I think a lot of times, we would have an easier time recruiting. We'd have fewer issues with commuting and those sorts of things but I like being in Silicon Valley, I like being somewhere different, and I think in many ways, it keeps us different and it makes us bolder and it makes us consider crazy ideas that turn into television shows or festivals or other sorts of things that I think we otherwise wouldn't have done because that's not what the most natural competitive set was doing. I think we've been less followers and more leaders 'cause we're, I won't call it Mountain View wilderness but (chuckling) but we're not on the same path, so I think that's been important. - [Audience Member] One more question. - Okay. - [Audience Member] How does Ozy make money and how does that compare to traditional media? - Great. So, a lot of the folks you know, whether it's the Huffington Post or Bleacher Report or Mashable or Business Insider or Vox or others of the new digital media players have made money with advertising. And they

call it different things at times.

They call it branded content or sponsorship or they got all sorts of kind of clever names, but the bottom line is, they're trying to get P and G and Kraft and other people that spend advertising dollars with them and I think that's a fine business and obviously Google and Facebook have proven that ad dollars, you can build a nice business based on that. We have done that and worked with a lot of good advertisers, be they Netflix or Spotify or Hulu or others who, who advertise on Ozy, but two other ways. One as I mentioned to you before, we started getting calls from Hollywood about a year after we launched, and people were saying, "We like these series, have you ever thought about them "as a TV show or movie?" First time we heard that, we got super excited. And I went to go see some of the guys I knew at Vice, and they were like, "Calm down. "I know you're excited but they whispered "the same sweet nothings us, "and we didn't get our first big TV show for 17 years "so it's probably not gonna happen." But we still decided to go have the conversations with people and got really lucky and sold our very first show, and subsequently, have sold two other shows. And so, television revenue is kind of a second way. And then a third way is we do these pretty detailed reader surveys at the end of every year. And within our first year, we started hearing from readers and viewers who said, they didn't use this language but they said, "I love Ozy online, "but I almost wish I could meet Ozy in the real world." And so first we started to think about doing small events in the way that Fortune and The Economist and The Atlantic and others had done, Re/code, TechCrunch, and so we start thinking about it in some moments, but a really smart woman who worked for the city of New York was like, "Guys, you're not being ambitious enough." She said, "South by Southwest used to be "this incredible thing. "It's become a little overrun, a little sprawly. "Why don't you aim higher, "build something of greater scale that not right away, "but over time, maybe thought of one day as the new "South by Southwest?" And so we made a five year commitment to the city of New York to build something called Ozy Fest, which is a wonderful festival, if any of you are in New York this summer in July, the 22nd and 23rd, it was described last summer as, I think the Times called it TED meets Coachella, and so it's a really nice mix of musicians and actors and athletes and entrepreneurs and others, and so that's become quite a revenue source for us.

So, there are three revenue sources for Ozy so far, which we're excited about, which the only other player who's among the new players who are doing that is Vice that has multiple revenue sources. Most of the other ones from BuzzFeed to HuffPo to Vox and Mic and Skimm and those mainly are advertising. And so we're hopeful that even though it was harder to really get each of these things going early on that we're hopeful over the next four or five years that we'll be proud of the fact that we built good roots from the very beginning. So, thank you guys so much. What a treat, it was good to be with you. I hope it was helpful, thank you. (audience applauding)