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The key is understanding your own tolerance for risk in what you do for work, and how you pay the bills at home. At the firm Forerunner Ventures, founders must have three traits in spades to get funding: magnetism, discipline and vision. Eurie Kim, general partner at the firm, explains what it's like to work at companies of different sizes, and what skills and strengths make you best suited for each.



## Transcript

- I want to start with a little bit of context of who I am and why I'm up here talking to you today.. I, as Tina mentioned, am a general partner at Forerunner Ventures.. We are early-stage investors in the most transformative companies that are redefining the consumer landscape today.. And our mission is really to be the partner of choice to the most ambitious founders that are tackling big problems, looking for big solutions in our category.. So that's our mission, that's what we do all day, every day.. Since kicking off the firm in 2010, we have, I hope, earned the reputation of being the best in class investors in our space.. We have a few metrics here that I'll share.. We have \$300 million under management.. We've got about 50 active investments in our portfolio.. We have a team, a mighty but small team of eight..

And the line of billion dollars, it's a billion dollars of portfolio revenue in 2017.. That's all the revenue generated by our companies, which are very young, so this is pretty exciting.. A billion dollars or more of secured follow-on funding in all of their follow-on rounds, and then our first investment in our first fund sold for a billion dollars.. It was Dollar Shave Club to Unilever in June of 2016, so that was extremely exciting, and a big milestone for us and for our companies.. So a little bit of context about our fund, which I think is kind of fun.. It's rare to see a new venture fund come to light.. And so with us, each fund that we have had and raised has sort of achieved different milestones.. The first fund we raised was in 2012.. It was a just about \$42 million fund, and this was about establishing our brand.. We were not ....

My partner Kirsten Green actually started the firm in 2010 with an angel fund, and she was investing just on, you know, a sort of one-off basis, and with that, created the thesis for what Forerunner ultimately is, which is investing in this whole category.. But it's not easy to start a venture fund when you haven't had a long and illustrious career in venture, so it was a really unique time in the market where seed investing was becoming quite a new topic, and micro VCs was a term that limited partners, who are investors, were increasingly becoming open to.. So we got to ride that wave and become first-time managers, launching fund one, and really setting out to be the only firm out there that was focused on consumer early-stage investing.. That seemed to go well, and so a year and a half later, we raised \$75 million in our second fund, and we really used this to expand some of the building blocks that we had worked on in fund two.. Expanding our investment size, and expanding our investment ownership percentages, and really, really trying to deliver best-in-class support to our portfolio companies.. I think that people often say fund two is sort of easy to raise because you haven't had enough time to figure out if fund one is working, so you gotta raise that fund really fast so that they still give you money.. Fund three, though, was really hard to raise.. Well, it wasn't hard, but it was nerve-wracking because we hadn't had our exits yet.. So Dollar Shave Club and Jet were our first two big exits, and those happened in June of 2016.. We had to raise our fund three, and we closed it before those were announced..

So everyone was asking, "Hey, what are your numbers looking like? "How are your companies doing?" And we had to sort of stay quiet about it all.. But our investors still trusted us.. We raised \$122 million, and we're using that now, investing out of that, and we're about, I don't know, 10 or 12 positions into that fund now.. And we also raised a side fund that's 60 million that sits on top of all three funds, and it invests further into the companies in our portfolio that are doing the best job.. So that's our fund history in one quick slide.. We can, you know, ask me questions on it later.. But that gives context for what we do and the business that I'm in.. Our portfolio companies are what we are most proud of, and hopefully many of you will know some of these names and be avid customers.. We were the earliest investors in companies like Warby Parker, Bonobos,

Birchbox, Hotel Tonight, they were really the first guard of all of these next-generation consumer companies.. I know that, obviously Bonobos started out of here at Stanford Business School, so it's something that maybe seems so familiar to you, but not so long ago, direct-to-consumer brands, that wasn't a term, and really all of this selling stuff online wasn't a thing..

And so when we were investing in it, it was still pretty early days.. Warby Parker where it was a team that was in the business school class a year behind me so very, very early days.. Since then, we've invested in companies like Glossier, which is a big beauty brand out in New York.. We've got Dollar Shave Club, which I mentioned, had done very well in 2016.. Cotopaxi, which is an outdoor gear brand.. And a bunch of other names that hopefully you know either now or will know in the future.. So take a picture of this one and check out all the websites so you can become customers.. But these are really what make Forerunner special.. It's all of our founders, and it's the journey that we are on with them to reimagine what's happening in our space.. So that's enough about me..

(laughs) when I was talking to Tina about what to talk to all of you about today, we were thinking about different topics, and obviously I could talk to you about venture capital, I could talk to you about investing in consumer companies, whatever you want, we can take it where it is, so if you think this is boring, you can just wave your hand and say you want to talk about something else.. But we thought that it would be interesting to talk a little bit about what success means, particularly in the context of the entrepreneurship ecosystem, and I hope that I have a little bit of insight to offer there because we see 2,000 deals a year, and I'm able to talk to so many different founders about their ideas, and I get a sense for what the different personality types are and what successful traits sometimes look like.. I think VCs often say that pattern recognition is what makes us good at our job, and I think that's, you know, proving to be the case.. But for the sake of the rest of my talk, I'd love to know a little bit more about who's in the audience.. I know it's a little bit mixed between people who are stuck here in class and have to be here, and then a bunch of people who are here for interest.. So how many of you have interest in being a VC? (laughing) Tom, you already have a job.. (audience laughing) Okay, that was a little bit.. How many of you want to work in a startup company? All right, ooh, that's good.. I'm at Stanford, I expect everybody to say that.. And how many of you want to be a founder? Okay..

And how many of you want to be all three? There we go, all right.. That's really helpful.. I will try to tailor the conversation through along the way.. So I think that we all have different interests, but the one thing that probably binds us all is that we all, I think, want to be successful, but what does that mean? It's different to different people.. And so, you know, people ask me, you know, "How'd you get to where you are?" and all this other stuff, and I'm sitting here thinking, "I don't know, this is my job, "I don't really feel like where I am "is particularly successful in a more general term.. "It's something that I love doing," but then I realize that, for a lot of people, this is where people want to be, and especially sitting where you are in your seats, you're trying to figure out what you want to do when you get out of school, and there's a lot of options, and it's almost a tyranny of choice.. And so some of this talk is just about how do you parse out those decisions and figure out if there's a framework that works for you to determine what's best suited for you at different times in your life.. So I thought I'd start with a very simple definition because that's a good place to start.. Basic definition of success.. So the dictionary says, "the accomplishment of an aim or a purpose." Or, "the attainment of popularity or profit." Interesting, right? That's all fine, but how do you get there? And there seem to be so many different ways, so, you know, how do you suss out which one's right for you? So I was thinking, "Who is successful? "Who do I think is successful?" And a bunch of, I think, familiar faces came to mind for me..

I don't know if you guys all know that, it's Jeff Bezos, right? (laughing) Sheryl Sandberg.. This guy, anyone know who that is? - [Man] Yeah, Mary Meeker.. - Mary Meeker, she's at Kleiner Perkins, more famous for her internet trends, annual, terribly boring report.. Sorry, Mary, it's really boring.. But everyone has their own journey, and I think there are some journeys that are actually really interesting too because they're nontraditional.. This is Jack Ma from Alibaba.. The story I love about this is Jack had applied to Harvard about 10 times, and applied to about 30 jobs, one including Kentucky Fried Chicken, and didn't get into any of them.. So I'm sure they're pretty bummed out that they didn't let him in.. You know this guy.. And Katrina Lake just took her company public..

She's the founder and CEO of Stitch Fix.. And Elon Musk, of course.. And these photos, you know, I don't know if you know their profiles, but the first slide has a bunch of common traits where they will have gone to a great school, they might have gone into finance, they maybe did an MBA, they worked at a great company, really a sort of more traditional path.. I think this slide has people that did a lot of different things, and I know there are plenty of people out there that I know you guys have even heard come speak at this class even, who have had much more, sort of serendipitous paths.. And so, you know, I can't speak to all these guys that are a lot more successful than me, but I can share a little bit about my journey in case it's helpful for you, and really the goal of my journey story is not to bore you, but to offer a little bit of a framework.. So bear with me.. It's going to be my journey so far.. So I did start at Berkeley, sorry about that.. You know, it was, I'm going to date myself, but it was back, 1998 to 2002, 2001, so it was the dot com number one.. And the startup frenzy was crazy on campus..

I think that it was still pretty consolidated towards the engineering groups, and so I just didn't think I could be part of that.. I was studying business, and I didn't know anything about technology, and so it was hard to figure out if I could participate.. So I was just plugging along, doing my own thing, and then, somebody that was my resident assistant in my dorm, he literally checked people in as they came in through the door, turned out, he wanted to start a company, and he had a group of seven engineers that were banding together to work on a mobile software, kind of mobile phone technology startup..

And this was when the phone was a Nokia.. (audience laughing) Right, just want to set that stage.. (laughing) There was no iPhone for, like, 10 more years.. And this was the feature phone.. It did all but, basically call and text.. But our idea was pretty neat.. It was this idea of taking text and hyperlinking important words, and then making actions out of that..

So if it was, you know, "Hey Eurie, "meet me at the pizza place at three," the pizza place would be hyperlinked.. You could map it, you could call it.. You could do a lot of things that, surprise, we can do right now with our iPhones, so it was incredibly early, too early, didn't really work out, but ultimately it was the most amazing experience because it was the first time I got a taste of that startup energy.. I knew, though, even while I was doing it, that I didn't feel like it was going to be something that I would be able to really sink my teeth into, and it was because it wasn't my idea, and it wasn't something I was uniquely qualified to do.. It was something that I was opportunistically offered an opportunity to participate in, and so that's why I took it, and I learned from it, and I think that was great.. But ultimately, I thought about what else I could do, and I ended up going a more traditional path and getting an internship at Bain, where I think you guys all know, is a consulting firm, and ended up having the best summer of my life doing that internship.. And I think that that was a bit surprising to me because you think you're going to go into this big company, and you know, it kind of seems boring, but what you really get is a lot of wonderful people that are all super-smart and really excited about new things and you get to collaborate together in this team environment for a very consolidated period of time.. And so from there, I literally look back at all of the people that I work with and collaborate with now, and so many of them are from Bain and from that time in my life.. And so it's just such a, it's a special treat to be able to do that, thinking back, you know, 12, 15 years later, that people that I had gone to parties with and, you know, gone on vacations with, are really people that I do business with every day today.. You know, at the time that I was at Bain, I was still noodling on my own idea..

I always had, sort of that entrepreneurial bug, but I just didn't feel like I had enough skills yet, and so I thought, "Okay well, if I maybe go into investing, "I'll learn how to raise money for my company idea "in the future, and maybe learn how to build a business, "and ultimately be more successful." And so I sought out a retail and consumer-specific fund, and this was a firm that's out in Boston now, and it was started by the former CEOs of Neiman Marcus Group.. And I think that what I'd credit myself with is, not necessarily knowing what I ever wanted to do with my life, but just knowing that I had interest in consumer retail.. And so from a very early stage, I started setting that as sort of a thing, a drumbeat in each of the decisions that I made.. And so I spent a lot of time there.. I probably worked the hardest I had ever worked in my entire life, even to date in these two years.. 100-hour weeks, steep learning curve.. I didn't know how to do anything, but I just got so many hard skills that I use every day today.. And, you know, part of the reason I haven't worked that hard is because, honestly, when you've worked that hard, everything else feels easy.. You just know how to cope with different challenges in your life, and I think that those moments are always really important to get in your life, particularly early in your career.. But all that set me up for a really neat opportunity, and it was actually my, what is that, second startup opportunity, which sounded super-sexy..

It was move to London, work at an incubator for fashion designers investing in fashion designers.. I mean, if that doesn't sound cool, I don't know what does.. So I got real excited.. I told my boss over at Castanea, "I'm going to quit, I'm going to move to London, "I'm going to do this." And he just looked at me, and he was like, "You're going to what? "You have a great job here.. "It's stable, you know, your promotion.. "Why would you leave all of that?" And I just thought, "I'm 26 years old.. "I just want to try something different.. "I want to get out there and learn, "and see what's out there." And I knew that the risk was high.. I didn't know the team.. I didn't know the founder..

But I really thought that this would stretch me, and give me an opportunity to get out of my comfort zone, so I took it.. I think a hot three months later, it imploded.. I mean, it was, it was not going to work out.. The co-founders had a falling out.. One of them had the money, one of them had the idea.. The money left, and so here I was, no job, in London, one of the most expensive cities in the world, and I didn't know what to do.. So what do you do when you don't know what to do? You apply to school.. (laughing) (audience laughing) So I applied to school, thank God I got in.. I got into Wharton, and I was very happy about that, and then I spent the next six months just hanging out in London, doing some more consulting, more thinking about my idea, but I was like, "Okay, I've got my network from Bain.. "I've got my skills from Castanea, I've moved to London, "I can deal with challenges, I'm ready to start a company." Like, if I'm not ready now, I mean, I'm just talking, and I'm never going to do it..

So I was like, "I'm going to go to school, "and I'm going to start this company." So that's what I did.. I spent my entire time in business school working on my own idea.. It was not particularly novel.. It's a handbag company, direct-to-consumer before that was a term.. I mean, I really was too early, because I think if it was five years later, I would have been much cooler.. But ultimately, I spent my entire time doing that.. My internship during my two years was there, and I had a blast, but it was lonely.. I was by myself.. I don't know if you've gathered, but I am not a designer, but I was designing my own bags, (laughing), not good bags.. (audience laughing) But I was trying, and I was having a really good time, and I was all set to graduate, and move to New York, and start my company, and finally I was going to be the person that I wanted to be, this amazing founder, and have my own thing..

And then everything, oh that was it.. It's called Maven, sorry.. And then everything grinded to a screeching halt, and about a month after I graduated from Wharton, I got a call from my mom on a Sunday afternoon saying that I needed to come home because my dad might not make it.. And I said, "Make it to what?" And she said, "Oh, well, he had a heart attack, "so he might not make it, you should get home." And I thought, "Wow, my dad's not even sick.. "I think I talked to him three days ago, "and

he played golf." And it was the first time that I just, my whole world was shattered, and I didn't have any idea what I was going to do.. So I went home, oh, I'm kind of bummed out about it.. So went home, and I, my dad did pass away, and I realized that all the things that I'd been working on for so long was all about me and all about my job and all about all of this, being a founder, and it all just didn't matter anymore.. Everything seemed so trite.. And so I spent the next six months hanging out with my mom.. We had a small cafe, and she obviously couldn't run it anymore, so we needed to wind it down..

So I spent a lot of time with her, just talking and making sandwiches.. She would love telling everybody that I had graduated from Wharton.. (audience member laughing) (laughs) It's like, really awkward when you're selling a \$3 sandwich, and someone's telling you that, like, they graduated from Wharton, and she's so successful, and whatever, and they're looking at me going, "Okay, why are you flipping my sandwich?" (audience laughing) So it was definitely a humbling time.. But it was a special time for my family, and for me, and for growing and realizing what was important.. And so that all went fine.. This story is not about being sad, but the story is about priorities, and it is about how life changes, and it ebbs and flows, and obviously zigs and zags throughout your opportunities in life.. And so after that, I had like zero risk appetite, but I still needed a job because I needed to pay for stuff.. So I decided I was going to go back to Bain, and I was going to reestablish sort of a core for what was going on in my life.. And I needed to focus on something that I was good at, focus on something that I could do, and I could move forward.. It ended up being an incredible decision because I ended up reinventing, or sort of reinvigorating my network..

I'd been gone from the Bay Area for five or six years, even seven years, and so I'd spent the entire time that I was back at Bain, back in commerce, consulting for Ebay, Nordstrom, on their e-commerce strategy.. And it really started to come together where there was a moment that so much was happening in the industry that being able to see it from that big company perspective was really special, and it was really only then that I started feeling like, "Okay, life is starting to settle down.. "I'm starting to get my entrepreneurial bug back.. "I don't necessarily want to be a consultant my whole life, "and I have to make that decision "because if I take this promotion, I gotta stay." So I thought about what else I wanted to do, and I thought, "You know, I think it's more important "for me to be doing something entrepreneurial "than having something that is super-stable." That's just my, that's my drumbeat.. And so I started looking for new jobs.. I started thinking about new ideas.. I had a couple of offers for startup companies, but, you know, at the time, honestly I couldn't take a \$50,000 salary.. It was just too much of a pay cut.. It was the realities of life setting in.. And then I thought, "Okay, well, I don't have my own idea, "and much less, I don't have my own team, "so I can't start my own thing..

"So, you know, maybe I'll work at Google or Facebook, "and just get back in the game, "be with entrepreneurial people, "people who are doing different things, "and a place where you yourself "can start to come out and shine." And so I started thinking in that manner, and just about then, I actually met Kirsten, who's my partner at Forerunner.. You know, we met through a business school classmate of mine who was on the board of a company with her, and she was in the process of wanting to raise a fund, but she had no team, and she really wanted a partner.. And so we met over coffee, and obviously things worked out because I've been with her for six and a half years, longer than my husband.. (laughs) And things truly came altogether.. And so a lot of people won't think of Forerunner as a startup, but I would say it absolutely is and has been for the last six or seven years.. We're kind of a series B company, I would say.. We sort of product/market fit.. We've got some traction, but we haven't necessarily returned a bunch of money yet, so you know, there's still room to go.. But we're definitely in a mode where we're really proud of what we've done and excited for the future.. So that is me..

Enough about me actually.. All of this is hopefully going to come together so that you can use it as a framework for yourself.. And so in consulting jargon, answer first is something that you have to use in all presentations.. It's because they assume that nobody's listening, and so I have to tell you what I'm going to tell you and what the takeaways are before I tell you the takeaways, and then I have to repeat the takeaways later.. So that's what I'm going to do here.. These are my takeaways.. There's going to be a quiz later.. Paths to success are nonlinear.. I don't know if you gathered from my chart, but it kept on buoying back and forth from above the line to below the line.. It meant that I always felt like I was entrepreneurial, but I wasn't able to be entrepreneurial every single moment of my career, and that that depended on where I was in my life, and what opportunities came by my way..

And so when you think about, "Gosh, I'm going to graduate," or, "I'm in school, I really, really want to be successful.. "Like, here's somebody I really respect, "I'm going to copy her path." That's just never going to work because you're you, and I'm me, and you're special in other ways, and you need to figure out what's going to work for you and what opportunities come.. And so all you need to do though is to figure out what things drive you, and what you are uniquely qualified to go and do.. And you might not know what that is today, but you will certainly grow to learn that over time with each experience.. There are a lot of ways to participate in the entrepreneurial ecosystem.. Think almost everybody raised their hand when it came to wanting to work at a startup company or wanting to be a founder.. But there's more ways to participate in ecosystem than just that, and those might be experiences you want now, but when will you do them? Are you going to do them when you're 22, when you're 32, when you're 42, or 82? It doesn't matter, right? You can have all of those opportunities for you.. Every role has its own benefits and drawbacks, and I'm actually going to spend a bunch of slides going into each role, and some of the nuances of them that I can share with you so that you can hopefully take that away.. And the most important thing is that your first job is definitely not your last job.. I think if you ask anyone in the room that isn't necessarily in college, they'll probably have six, seven, eight, nine jobs, and all of them come together to weave a really fascinating story for where the person comes from and where they're going..

So I'm going to go back to this later, but, of all the roles that we've talked about, most of them, I've actually done, and I think that there are a lot out there that you're probably noodling on.. I think that the biggest question in your minds is probably, "Why is number one a big company?" "That doesn't seem particularly entrepreneurial." But I would argue that it absolutely is.. It is a place where you can gain a lot of skills, and most importantly gain a really large network.. So I'm going to go through each of these separately, so you can take your little pictures.. But no presentation is complete without a two-by-two matrix, so I'm going to give you a two-by-two matrix.. (laughing) There are so many ways that you can evaluate your own opportunity set.. And I picked two vectors here: financial flexibility and risk appetite.. The reason I picked those two is because of the hundreds of people I talk to every year, who come to me and say, "I want to start a company," or, "I want to be working at a startup," after about two minutes, it's obvious that they're never going to do it.. And it's because the realities of life pop in, and you know, when I ask them, "Okay well, "are you okay with foregoing salary for two years?" and they look at me horrified (laughing), and they're like, "No, how will I pay for my bills?" And I'm like, "Well, that's a good question, I don't know." They feel, often, like you can do something on the side.. "So I'm going to keep my job at Google, "but I'm going to do this thing on the side, "and when it goes really big, then I'll quit my job, "and I'll switch over." So that is a genius idea that I've tried too, but it really doesn't work..

Like, how can you have this amazing, breakout idea if you have one foot out and one foot in? You don't have enough time or energy.. I mean, it takes so much time to make it successful.. Even if someone's working 100 hours a week on their idea, most of the time it's not successful.. How is it going to be if it's only 20 hours a week? And so I think that the financial flexibility is the, sort of real, rubber meets the road.. You need to ask yourself if now is the time for you to really be entrepreneurial.. And the risk appetite is an interesting one because there's just the risk appetite of, you know, quitting your job and not knowing what you're going to go do.. Figuring out that 99.9% of all startups are going to fail, so if you're going to join one or start one yourself, are you okay with failure? Those are sort of the natural risk appetite sort of things that come to mind.. But then there's also just the daily risk appetite.. Do you feel anxious when you go to work, and you have no idea what you're supposed to do today? Do you feel nervous if you don't know what success looks like, and you don't know if you can hit the mark and get an A? Because there's no grades in entrepreneurship.. You have no idea what you're doing..

You have to create your own goals and milestones, and you still, even if you meet the milestones, the milestones are always moving.. And so I think that that's where a lot of people start to get really fatigued from being in the entrepreneurial ecosystem, where they just feel like, "Gosh, I just want to go somewhere "where I know what it looks like to be a rock star, "and then I can go do that, "and it feels better to be able to accomplish that." And so it's not a surprise how these all fit onto the map.. You know, low-low is that, if you work at a big company, you get a nice, big salary, you know where you're going, you know what success looks like, you have a management team.. And then all the way up to founder is where you have high risk, potentially high reward, but ultimately extremely high need to have flexibility financially.. I think everyone only thinks of founders as being, like, the breakout success billionaires.. Not the case.. Most people, I would say, make less than \$80,000.. Of all the founders in my portfolio, founders are the first people that forego their salary when the cash runs thin.. They're the last people to get a raise.. I mean, it really is something that is all-encompassing, and it's really hard on you and your family, most importantly because many times it doesn't work out..

So you've done five years of your life dedicating to this company that doesn't work out.. What is that going to feel like to you, and is that okay? So that's how I mapped it here.. The next few slides, I thought it would be helpful to go into each role because some of what I felt when I was in your shoes was, "How do I know if I'm going to like it?" Like, "How do I know if working at a big company is for me, "or working at a startup is for me?" So each one, I don't know if this is helpful, everyone nod if it is, but each one of these slides goes through what characteristics might make you more suited for this job at this time in your life, and I want to tell you that specifically relative to time because it doesn't mean that you can't do something else later.. And then what are the key benefits and drawbacks? So, for working at a big company, I think people all realize .... I mean, all of these roles, you have to be smart and tenacious and hardworking and determined.. Like, let's just assume that all of that is the case.. I think that you're all at Stanford, so it's probably even a step above, that I'll assume.. But here it's actually this idea of being eager to be taught.. It's not eager to learn.. It's that you thrive when someone else is teaching you how to do things, and you love feeling like that mentorship and training is stabilizing in your life, this is a place that you're going to get it..

When you go to Google, you have, I don't know how many different teams and mentors and, you know, places that you can get advice.. That is not the case when you're at a startup.. Everyone's so busy, they don't even know, they don't care what your problem is because they've got problems of their own.. So, eager to be taught, team-oriented, thrives within structure, and also I see that being competitive is something that is a trait that fits well with being in a big company.. That seems a little bit weird to say because it's because you can't be competitive if there's no one else doing your job.. So if you're really competitive, you really need a class of people doing your job.. You need a banking class, you need an associate class because then you know that you're better than that guy who's doing your job, and you're just doing it better, and that makes you really happy.. And so this is a good place to go do that.. If you work as a founder or a startup company, like, there's no one else.. You can't compete..

You're all in the same boat together.. So I think that kind of draws out the biggest difference for me in this big company arena.. The key benefit, obviously is the credibility stemming from the brand that you have.. I would say, in the beginning of your career, being able to stamp the resume with something like Stanford or something like Facebook or Microsoft is

amazing.. You can also go and do that startup, but understand that if that startup fails, then the three years that you were working at it kind of don't, they don't resonate with anybody so that's not giving you the credibility that something else might.. And then biggest drawbacks are, there are a handful, but I think that the biggest one for somebody that might be in your chair is that the hierarchy limits outlier opportunities.. So when you're at a startup company, you can be 25 years old, and all of a sudden, you can be the VP of Marketing.. That is not going to happen at Microsoft.. And I think that, you know, there are goods and bads to that, but regardless, if you feel like you need to have more autonomy and more room to grow, and you want to have that ambiguity, then this is definitely not going to be a place to do it.. And I think then, FOMO is the worst feeling ever, when you work in a big company..

And I felt that a lot at Bain, where I distinctly remember telling my family and my friends, "I feel like I'm living in the Jetsons, "but I'm working for the Flintstones." (audience laughing) Like, you're seeing jets going around and autonomous vehicles, literally, and I'm helping a company that is just super-archaic, and some people love that.. I did not, which is why I knew in my heart that I could never stay there, and that I needed to do something, anything where people were thinking about tomorrow.. Growth.. So this is kind of series B and onward.. - [Audience Member] So before you leave big companies.. - Yeah.. - [Audience Member] Your big company was Bain.. - Yeah.. - [Audience Member] And I believe that Bain is a very different big company than McKinsey or Boston Consulting Group.. - It is..

- [Moderator] Could you just repeat the question? - [Audience Member] The question is, Bain is a very different big company from its competitors, in my observation.. Why did you choose it? You're going to have to repeat the question into the microphone.. - So the question is, Bain is a different big company than maybe some other big companies out there.. I think, specifically given how entrepreneurial a lot of the people have ended up being outside of Bain.. So the question that Tom asked was, "Why did I choose it?" I don't have a good answer.. I was late to the internship recruiting, you know, slew.. That was the last internship I could apply for, and I got it, and I went there.. (audience laughing) That's the real answer.. - [Tom] It's the best one you could've picked.. - It is lucky..

I, in retrospect, am so grateful that this is the place I landed because when you think about all the different companies you can work at, there is an entrepreneurial culture, no matter what, if you're big or small.. And there are actually small teams that have a non-entrepreneurial culture as well.. So it is about understanding the nuances of the actual opportunity and not just saying, "Oh, it's a big company, I don't like it," or, "Oh, it's a small company, "I'm going to work there because it's a startup." Because the environment around you really shapes that.. But Bain is absolutely one of the more entrepreneurial.. And you know, so are all the tech companies.. I mean, if you work at Facebook, you can't not say that that's entrepreneurial.. It's a big company, but it's still.. That's why I say that big company is still a part of the ecosystem, right? And so, wonderful place in the ecosystem.. How are we doing on time, I've got.. - [Moderator] We're good..

- I've got a few of these, but .... So on growth stage, this is just so you know, growth is kind of series B, series C, a little bit later, so even an Uber or an Airbnb.. These are really good for people when you know what you're good at, you're kind of a domain expert.. You have an ability to manage teams because now you finally are starting to get big enough to have a team.. And you are okay with just constantly evolving responsibilities.. Everything is changing so fast.. It's called growth stage for a reason.. And the sort of axis is straight-up and asymptotal.. And so, you know, you need to be really, really good at setting your own goals and milestones to be able to get forward and move forward.. And you can't be waiting for someone else to tell you what to do, or that you did a good job..

Like, that is not a good place for you.. That needs to be at the big company.. I think that the key drawbacks honestly are that the pace of change is so fast and furious that a lot of people get stomped on in the process.. You don't get enough time to learn what you're doing.. As soon as you figure out what you're doing, tomorrow your job is different.. And it's really hard to then feel like everything you're spending all your time doing doesn't matter because tomorrow it's different.. So you need to be okay with that, and if you're not, this is not a good place for you.. And by the way, don't ever expect management to be strong at a growth stage company because the person that's managing you today, yesterday was a customer service associate.. Like, it's crazy how fast it goes.. But to the point of having outlier opportunities, if you are that type of person that can just hit an opportunity, you know, hit the ground running, and just take it along, as fast as you can go, then this is a place that you'll go fast..

I said the right timing here is when you know what you're good at.. Because some people come to me, and they say, "Oh, you know, I don't know what I want to do, "maybe marketing, maybe supply chain, maybe engineering." I'm like, "What are you doing? (laughs) "Go back to school," you know.. If you know what you're good at, it's much easier to get these jobs because you can get in, have a skill set that you're applying, and again, be successful, push the ball forward.. Early stage, this is where I am.. This is where we see most of our companies.. There's probably less than 20 people on the team.. There's not necessarily a product/market fit.. Here it's really great if you're a generalist.. If you're enthusiastic about the product and the company, and you're comfortable with extreme ambiguity.. Again, you do not know what you're doing day and day out..

You have a general sense of what the goals are, but things are changing really fast, and so this needs to be something you're okay with.. The super-skill here is being a jack of all trades because you actually can be the operations person and the customer service person and the marketing person because there's only five people on your team.. (laughs) The hard part is, over time, you have people join the team that take over parts of those responsibilities, and so you might feel a little bit

frustrated that everyone's changing the rules of the game, and now you don't know what your job is.. And so there are some drawbacks there, ask me questions if you have deeper questions.. The drawbacks are, you know, the moving targets, the lack of formal training.. I would say the small network is a really important one people don't think about.. So when I went to Bain there's, you know, 20 people in my own class, 300 people in the office, thousands of people worldwide.. I know a lot of people within my network now.. If you join a class of five in a startup company, there's four other people that know you.. So that's what you have as your network, and I think that it is very different..

If it's the right four people, you're okay, but if it's not the right four people, and you don't like each other, it's not okay, (laughs) it's really hard.. And so I said the right timing here is when you're passionate about the idea and the team because you need that passion to fuel you forward.. Okay so founding team, this is different than being a founder.. I'm going to end with the founder slide.. But the founding team is that you need complementary skills.. You may not necessarily have the idea, but maybe you're really good at technology, at coding, so you can be the CTO.. Maybe you're really good at marketing, so you could be the CMO or the marketing person.. But in this founding team, it's like less than five, so you're one of the first few people hired, or maybe you're co-founders together, but the most important thing is that you have a lane and something that you're good at, as well as being generalist because you got to do more things, but like, you have one thing that you're good at, and people can look at you and say, "Okay, Eurie does this, like, that makes sense." The opportunity though is difficult because, I mean, I would say the key benefit is, you know, learning how to be a founder without necessarily having to be the founder.. So if you have aspirations, this is what I did at the first startup is I was learning all of these nuances to starting a company, but it wasn't really like my official, first company of my own, so the failure, quote-unquote, not necessarily mine.. But at the same time, you learn a lot, so that's a lot of the benefit..

But I think that's exactly what the drawback is.. It's not your thing, so it's hard to be up all night long killing yourself trying to do this.. Many times, I'll be really honest, the equity split is not even.. So the founder will have 50-plus percent, and the founding team will have 10 or less, so that's a big difference, and somebody very wise, sitting right there, Rosa, told me, that the risk of founding a company and being on the founding team are very similar, and so if you're going to do it, you might as well start your own thing because at least you're going to learn, trial by fire, you know, really kind of put your you know, thoughts to the test.. But I do think that, for many people, this is more comforting, to have all the fun of starting a company and have the collaboration of starting a company, but not necessarily have to do it all by yourself.. So more than half the room wants to be a founder.. I would say the characteristics of a great founder, more often than not, are that you're an inventor, that you're often thinking about new things, that you're a self-starter, that you're passionate, and that you're a problem solver.. Those are sort of common across everything.. At Forerunner, people always ask us, "What makes a great founder?" And we've consolidated it to three adjectives: magnetic, disciplined, and visionary.. The reason is your job as a founder is to sell all day long..

You're selling to your investors.. You're selling to your family members who are asking you why you don't have a real job.. (laughs) You're selling to your team who wants to quit because no one's getting paid, and they don't know what they're doing, and you're like, "No, don't leave.. "This is going to be a big thing." You're selling to every, single person, all day long, and so if you are not magnetic, and people aren't naturally drawn to you in some way, it is really hard to do this nonstop.. So the best founders in our portfolio are ones where people will drop their jobs and join, no salary, no anything, and they just want to be with the founder, doing this thing.. The discipline side is, I hope a little bit obvious, but you've got like \$5 in your bank account, and you have a lot of things you have to accomplish.. So are you the type of person that's going to know exactly what needs to be done to move the needle forward? Nothing more, nothing less, you know what it takes, minimum viable product, to show what you're trying to do.. And that is something that we see in our best founders.. Visionary is that I am not in the business of funding good companies.. I am in the business, and I get paid to find extraordinary outlier companies..

Venture capital is only successful on outliers.. And so if you're not visionary, if you're thinking, "I'm going to build this great company, "and I think that it's going to be \$50 million "in five years, and we're going to make "\$5 million of cash flow," that's amazing, and that's a lot of money in your pocket, but that does not make me successful.. That does not make our endowments, and our, you know, LPs successful, who've invested in Forerunner.. And so if visionary isn't a word you would use to describe yourself or your future goals, maybe this isn't something that you want to do.. The super-skill going along with magnetic is that this job is all about hiring, 100% hiring.. If you can hire the team to win, you don't need to be the smartest person in the room, you don't need to be the best person.. You need to be the person to know who to bring onto your team, and to get them there and empower them to do their job.. If you're good at that, you'll be a successful founder.. And the benefit there is 100% ownership.. It is yours..

It's your baby, no matter how ugly it is, it's your baby.. (laughs) (audience laughing) And it's fun, you know, I do think it's a lot of fun to have that type of ownership.. But the key drawbacks, and I would say people don't think about this is it's incredibly lonely.. There's no one else that you can turn to because it's all on you.. You have your partners, and you can talk to your friends, but ultimately, when you can't make payroll, that's on your shoulders, and that is a heavy burden for anybody.. So the loneliness is real.. The instability obviously, it is what it is.. And the high beta is, I think, what a lot of people get excited by.. It's just this huge, huge outcome potential, but with that, is just a huge zero.. And I think after that, it's hard to rally..

The right timing here, I would say is when you're ready.. I mean, that's kind of stupid, but it's true.. You'll know in your

heart if you're ready to start this.. I knew that I wasn't ready until I was ready, and then when the thing happened with my family, I wasn't ready anymore.. And so you have to know where your risk appetite and your financial flexibility makes, sort of meets in the middle, and crosses over with that founder bucket.. It obviously helps if you have an idea and some experience in the space, but you don't need it.. I mean, I think there's a lot of founders that get out there and just want to do something, and they're hungry and trying stuff, test and iterate, and so you can still be successful doing that.. And the venture investor, I mean, it's a fun job.. I would say, you know, big picture thinking, my super-skill is psychology.. I didn't realize that was going to come in handy, but it's all about empowering founders and understanding how to motivate people so these are things that I think a lot of people wouldn't imagine, thinking about venture as a finance job, but this is, you know, what's come out..

Anyways, I'm going to wrap up for the next couple slides here.. So what's the right path for you? We've asked a lot of questions kind of, you know, rhetorically here, about what are your core personality traits? What's your risk appetite? What's your financial flexibility? You know, what motivates you? Because when you start asking yourself these questions, they're different than, "How am I supposed to be successful?" "What's the best job to get?" you know, "What's going to sound the best on my resume?" Like, those are not the right questions to ask yourself.. That's not going to get you there, but these ones are going to help you, and hopefully some of the stuff in these slides are going to help you as well.. So what we do with key takeaways, this is the quiz.. Path to success: nonlinear.. There are a lot of ways to participate in entrepreneurship.. Do not think that starting your own company has to be the only way, and certainly it doesn't have to be the only way today.. You can do it any other time in your life, and there are opportunities all along the way.. Every role has its own benefits and drawbacks.. So don't think that anyone's grass is greener, it is not..

It's just as hard, but in different ways, and your first job is not your last job, so please don't stress out too much about it.. Just have fun, and make sure that you're learning, and make sure that you're doing something that brings out the best in you.. So I'll do one final thought.. Actually there's two, but secret to success.. "No secret to success." (audience laughing) (laughs) It's Colin Powell come on, it's not my idea.. "It's the result of preparation, "hard work, and learning from failure." I think that people forget that failure is the only thing that really helps push you to the edges, and if you haven't failed, you probably haven't pushed yourself hard enough.. So try stuff.. This is college, do everything.. Try all the jobs.. You can literally have all kinds of internships..

And so that's the best benefit that you get from being in school where you are.. And not that Colin Powell needs a post script, but I wanted to end with, I talked a lot about this, but remember, I started the conversation by saying I'm here because I met Tina who knew my husband a long, long time ago, and I think what I've learned in my career and this career is that my network has been the thing that makes me as successful as I am at my job.. It's people that I'm friends with for, you know, all the way through since high school.. It's people that I've worked with at Bain, all throughout my life, people I met when I was traveling.. I would say, be nice to everybody because you never know who's going to be on this side of the table, and you need to pitch me, and you know, I actually had somebody who was not very nice to me pitch me, and I thought it was really funny.. (laughing) (audience laughing) I did not fund that person.. (laughs) You can always find opportunity in people so try to build your network.. My lovely mother used to always say, "Birds of a feather, together flocking." (audience laughing) She's really eloquent, but, birds of a feather flock together.. So you guys are all with amazing people here at Stanford, your alumni, tap your network, build your network, and please have fun and enjoy.. So I'm opening up for questions..

(audience applauding) - [Noah] Hi, my name's Noah.. I'm the CEO and co-founder of a startup that's building luring platforms for emerging markets.. - Are you my team mate? - [Noah] I don't know.. - All right, keep going.. - [Noah] But the question is, I'd love to learn what your perspective is as a VC on the emerging amount of finances that are going into impact-focused investments, and if you see that in your job, raising your funds, or just where you think that's going overall.. - Yeah, I mean, I think it's really important.. - [Man] Can you repeat the question? - Oh yes, so Noah asked what we're seeing in terms of impact investing, and sort of my general thoughts on the trends in that space.. I'll be honest, there are some parts of my job that I just love, and I'm so passionate about.. We don't get to do impact investing because that's not what we signed up for, and that's not what our LP is signed up for, so we have a charter where each LP invests in a fund because they want you to return a certain level of beta, like, risk profile.. Impact investing is something that's very different, and I'm so excited that more people are focused on it..

What's hard is venture is about making money, and there's a lot of ways to make money, and you can do it with impact, but I find that, if you can invest in companies that have sound business models, that have goals and mission statements that are really resonating with their customers, they will, in fact, have that impact.. And so we see that a lot of our companies will donate X% of their revenues to different causes, or they'll donate products, and that's another way of impact or social impact that they're able to do.. But in terms of general impact investing, we're seeing more firms created, but it's kind of a different class of investors.. - [Bobby] I'm Bobby.. Thank you so much for coming.. I think it's a very inspirational story.. I'm from the business school.. I've been in some obviously, investing myself in the consumer space, a bit similar to Forerunner as well.. (speaks inaudibly) Maybe, we'll check.. (audience laughing) I've been looking at digital native brands, done a little bit of what you guys have been doing as well, and personally very excited in the space..

I feel that many reasons why it's so exciting, right, from a customer experience, brand experience, and clearly they're here to stay, from the likes of Harry's, Bonobos, de-cru-lens.. I'd love to hear from your perspective why you think some of the challenges that they could face especially with Amazon there and what you'd really see.. Of course, I caught Kristen's profile,



she mentioned that having Amazon in fact is a bigger boon than the art in fact.. But I'd like to hear your perspective on the cons of digital natives going forward.. Because clearly going forward, clearly everyone's going to include like, we have awoken companies this year, but for people of color.. You have like, Harry's, you have Dollar Shave.. Clearly the market is getting cluttered, so I'd love to hear literally your thoughts on that.. - So the question was around direct-to-consumer brands, digitally native brands, and they're growing really rapidly now, there's a lot of brands out there, so what are the challenges they're going to face, specifically in the market, maybe relative to Amazon? And I think that's a great question.. I think when we think about digitally-native brands, it's just the fact that, for generations past, there's always been an influx of new brands.. It's just that today, they're digitally native because there's no other way to start a company..

Why wouldn't you start it online? You get to know your customer so much sooner and better.. I think that the threat of Amazon is real.. I mean, they're obviously an extremely formidable competitor, but they don't create.. They do try to create brands, but they don't have the relationship that our brands have with the customer.. So the reason why we invest in the brands is that they stay out of Amazon's fray, at least to enable growth, you know, Away, and Warby Parker and Dollar Shave Club are able to get to the multi-hundreds of millions because they're doing something of their own, and they own their whole supply chain.. I think the trick will be, can they scale beyond just that? Can they create a lifestyle brand that's going to be sustainable? Can they grow with their millennial customer whose changing preferences are honestly so difficult to pinpoint? I mean, so how do you invest, from an investment standpoint, not in a product, not even in a brand, but in a whole sort of way of life, in a lifestyle and an ecosystem where the team has a pulse on who the customer is, and is able to change along the way? And we think that that's the opportunity because there are trillions of dollars being spent on clothes, shoes, accessories, anything in and around your home and your life.. All the brands that there were yesterday, they need to fight to stay relevant with you tomorrow.. And so in that fight, the new brands are coming to life, and we believe that you all as customers are willing to give them a try.. Yes.. - [Audience Member] So you clearly see thousands of ideas and entrepreneurs every year, and decide to fund only a small portion of them, presumably because they check all the boxes..

The founder and co-partner is like an idea of that.. But of all those, they still don't all make it.. So the ones that you thought had a high potential, but didn't make it, what were some of the reasons that they didn't become successful? - So the question is, we see a lot of deals, and so if it's to the point where we've invested in the deal, it's made it down a funnel pretty tight, and so why are those even still, many of those are not successful? And I would say, a lot of it is execution.. A lot of it is the founder, that they weren't maybe as magnetic and visionary and disciplined as we had expected them to be.. It's surprising, but it's usually the founder.. It's usually the founder.. And so there are many times where even we will make the thought of, there's this amazing idea, and we really want to do something in this space, and like, this team seems like they've got it all together.. They just look perfect on paper, and you know, in the back of your mind, you feel like, "I'm a little bit worried about this one thing, "but we're just going to do it "because it's just the perfect deal." They don't work out, they don't work out.. When you feel like you've got the founder that you would back, thick or thin, no matter if they're starting this company or another company, those are the ones that are winning right now in our portfolio, and I think that's what we need to stay honest to.. It is very hard to do that though..

Because you see all kinds of things, all kinds of noise, and you want to believe.. You want to drink your own kool-aid, right? And there are a lot of good storytellers out there, and so you have to pinpoint, what do you think the founder of this company needs to be great at to be able to make this company successful? It's different than this other company.. So we often say, you know, "Why are you uniquely qualified "to be the company founder of this idea?" And if they have no real reason to start this one versus another one, probably not the right person.. - [Audience Member] Many reasons of startups failing is the founder, foundational founder issues.. In your experience, what are other reasons, top reasons, top two reasons why companies fail? This is of course my, this is my, I guess comment to say market timing, but, and people change also.. - So the question is, you know, let's take the founder issue and the co-founders issue aside because that's actually the lion's share of why a lot of companies fail.. I would say that the other reason is lack of focus.. Because what happens is, you get somebody or a team that's actually really good, and they get the product to market.. They get the angel funding, or the first round of funding, and they start going, and they're super-excited, so they get all this momentum, and then they get a big series A done.. And then what happens? They hire 40 people, they expand their office, they expand to LA and New York and Dallas, and all of a sudden, it's just a mess..

And so I think that that lack of discipline, it still goes back to the founder, but I think it's just, it's focus, and like, execution-wise, that people can't figure out what is it that you have to prove to be able to make that next step.. In the back.. - [Audience Member] So you talked about the strength of your network.. Can you talk about how you keep in touch with your network, what your strategy is, like, because it's really easy to let things drop off, and never return again.. So what is your method for keeping in touch with your network? - Her question's, what's my method of keeping in touch with my network? I think it's a really good question because I can't say that I had a, like a process for it.. I think that I got really lucky because I like people, and I like keeping in touch with my friends.. And it's really frustrating when you know someone's trying to network with you, right? Like, they're checking in, you know, they're, it just seems like they want something from you.. And I think that networking at its best is when you know that you have to give to be able to receive, and all throughout my life, I've been giving a lot to a lot of people, and now that's coming back around, where it's not necessarily helping me, but it's helping people around me that might benefit from that.. So I would say, if you want to network, be really good at, you know, figuring out how you can help others.. So that people come to you, right? (audience applauding)..