

URL: <https://ecorner.stanford.edu/podcast/how-to-know-if-entrepreneurship-is-for-you/>

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

- Stanford eCorner presents The Entrepreneurial Thought Leader series.. - On today's episode we have Eurie Kim A general partner at Forerunner Ventures an early stage venture capital firm based in San Francisco.. Since joining the firm in 2012 Eurie has supported investments in over 30 early stage start-ups.. Her passion for entrepreneurship inspired the launch of an artisanal leather goods brand and she serves on the founding team of a luxury brand incubator.. She also earned her MBA at Wharton.. Here's Eurie.. (audience applause) - 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.. 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 everyday.. 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 dollars 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.. The billion dollars are 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 just about 42 million dollar 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 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 VC's was a new term that limited partners who are our 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 dollars 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, 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 wrecking 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.. We also raised a side fund of 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 director consumer brands that wasn't a term and really all of this selling stuff online wasn't a thing.. So when we were investing in it it was still pretty early days.. Warby Parker, 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.. (chuckling) 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 can talk to you about venture capital, I can 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 wanna 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.. 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 VC's often say that pattern recognition is what makes us good at our job and I think that's 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 pretty 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? (chuckling) Tom, you already have a job.. (laughing) Okay, that was a little bit.. How many of you wanna work in a start-up company? All right, oh that's good.. I'm at Stanford, I expect everybody to say that..

How many of you wanna be a founder? Okay.. How many of you wanna 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, wanna be successful? But what does that mean? It's different to different people.. So you know, people ask me, how'd you get to where you are? And all this 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 realized that for a lot of people this is where people wanna be and especially sitting in where you are in your seats you're trying to figure out what you wanna do when you get out of school and there's a lot of options and it's almost a tyranny of choice.. 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? There seem to be so many different ways though, you know, how do you suss out which one's right for you? 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 who that is Jeff Bezos, right? (chuckling) Sheryl Sandberg this guy? Anyone know who that is? 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 non-traditional.. This is Jack Ma from Alibaba.. The story I love about this is Jack had applied to Harvard 10 times and applied 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.. Katrina Lake just took her company public she's the founder and CEO of Stitch Fix..

And Elon Musk of course.. These photos, 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 more traditional path.. This slide has people that did a lot of different things and there are plenty of people out there that I know you guys have even heard come speak at this class even who've had much more sort of, serendipitous paths.. So 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.. 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, there's gonna be my journey so far.. So I did start at Berkeley, sorry about that.. You know, I'm gonna date myself that it was back 1998 to 2002, 2001.. So it was the .com number one and the start-up frenzy was crazy on campus..

I think that it was still pretty consolidated towards the engineering groups.. I didn't think that I could be part of that.. I was studying business and I didn't know anything about technology.. 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 he 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 start-up.. This was when

the phone was a Nokia.. (audience laughing) At that stage.. There was no iPhone for like, 10 more years and this was a 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, hey Yuri meet me at the pizza place at three..

Pizza place would be hyperlinked and 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 start-up energy.. I knew though, even while I was doing it that I didn't feel like it was gonna 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.. I was opportunistically offered an opportunity to participate in and so that's why I took it.. 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.. 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 this big company and it kind of seemed 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.. So from there, I literally looked 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.. 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 gone on vacations with are really people that I do business with everyday today.. 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 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.. 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 CEO's of Neiman Marcus group.. I think that what I 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.. So from a very early stage I started setting that as sort of the thing, a drumbeat in each of the decisions that I made.. 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.. Hundred hour weeks, steep learning curve I didn't know how to do anything but I just got so many hard skills that I use everyday today.. Part of the reason I haven't worked that hard is because honestly when you work 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 that second start-up 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 really excited, I told my boss over at Castanea I'm gonna quit, I'm gonna move to London, I'm gonna do this.. He just looked at me like, you're gonna what? You've a great job here, it's stable you know, you've got promotion.. Why would you leave all of that? I just thought, I'm 26 years old I just wanna try something different.. I wanna get out there and learn and see what's out there.. 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 it was not gonna 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..

(audience laughing) Shh.. So I applied to school, thank God I got in.. I got into Wharton, I was very happy about that 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.. If I'm not ready now, I'm just talking I'm never gonna do it.. So I was like I'm gonna go to school and I'm gonna 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 really was too early 'cause if I think I 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'm not a designer but I was designing my own bags..

Not good bags.. (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 gonna be the person that I wanted to be this amazing founder and have my own thing.. Then everything, oh that was it.. It's on me then, sorry.. 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.. I said, make it to what? She said oh well, he had a heart attack.. So he might not make it, you should get home.. I thought, wow, dad's not even sick.. I think I talked to him three days ago and he played golf.. It was the first time that I just my whole world was shattered..

I didn't have any idea what I was gonna do.. So I went home, kind of bummed out about it so I went home and my dad did pass away and I realized that all of 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.. It all just didn't matter anymore everything seemed so trite.. 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.. Like really awkward when you're selling a \$3 sandwich and someone is telling you that 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? 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.. So that all went fine, the 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.. So after that, I had zero risk appetite but I still needed a job because I need to pay for stuff so I decided I was gonna go back to Bain and I was gonna re-establish sort of a core for what was going on in my life.. I needed to focus on something that I was good at, focus on something 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 spend 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.. 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 wanna be a consultant my whole life and I have to make that decision 'cause if I take this promotion I gotta stay so I thought about what else I wanted to do and I thought 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 so I started looking for new jobs, I started thinking about new ideas.. I had a couple of offers for start-up companies but 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.. 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 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.. So I started thinking in that manner and just about then, I actually met Kirsten who's my partner at Forerunner and she was 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.. 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.. Things truly came all together so a lot of people won't think of Forerunner as a start-up 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 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 gonna 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 is listening so I have to tell you what I'm gonna tell you and what the takeaways are before I tell you the takeaways then I have to repeat the takeaways later so that's what I'm gonna do here.. These are my takeaways, there's gonna be a quiz later.. Paths to success are non-linear.. 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 depended on where I was in my life and what opportunities came by my way.. So when you think about gosh I'm gonna graduate or I'm in school, I really, really wanna be successful here's somebody I really respect, I'm gonna copy her path it's just never gonna work because you're you and I'm me and you're special in other ways and you need to figure out what's gonna work for you and what opportunities come.. 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..

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.. I think almost everybody raised their hand when it came to wanting to work at a start-up company or wanting to be a founder but there's more ways to participate in the ecosystem than just that.. Those might be experiences you want now but when will you do them? Are you gonna do them when you're 22 or 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 gonna 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.. 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 gonna 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 gonna 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 gonna give you a two by two matrix.. There's so many ways that you can evaluate your own opportunity set.. I picked two vectors here, financial flexibility and risk appetite but 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 wanna start a company or I wanna be working at a start-up.. After about two

minutes, it's obvious that they're never gonna do it.. It's because the realities of life pop in and you know, when I asked them okay well are you okay with forgoing salary for two years? They look at me horrified and they're like well no, how will I pay for my bills? 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 gonna keep my job at Google but I'm gonna do this thing on the side then when it goes really big then I'll quit my job and switch over.. So that is the genius idea that I have tried too but it really doesn't work..

How can you have this amazing break-out 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 is working 100 hours a week on their idea most of the time it's not successful.. How is it gonna be if it's only 20 hours a week? 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.. The risk appetite is an interesting one because there's just a risk appetite of, you know quitting your job and not knowing what you're gonna go do.. Figuring out that 99.9% of all start-ups are gonna fail so if you're gonna 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 'cause 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.. So I think that that's where a lot of people start to get really fatigued from being in the entrepreneurial ecosystem or they just feel like gosh, I just wanna go somewhere where I know what it looks like to be a rockstar then I can go do that and it feels better to be able to accomplish that.. 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 about founders as being the break-out 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 forgo 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 gonna 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 gonna like it? How do I know if working at a big company is for me or working at a start-up 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.. I want to tell you that, specifically, relative to time because it doesn't mean that you can't do something else later.. 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 we have to be smart and tenacious and hardworking and determined and 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 gonna get it.. When you go to Google, you have I don't know how many different teams and mentors and places that you can get advice that is not the case when you're at a start-up.. Everyone's so busy, they don't even know they don't care what your problem is 'cause 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 but 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 'cause then you know that you're better than that guy who is doing your job and you're just doing it better and that makes you really happy.. So this is a good place to go do that if you work as a founder of a start-up company 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 start-up but understand that if that start-up fails then the three years that you were working at it kind of don't, they don't resonate with anybody so it's not giving you the credibility that something else might.. The biggest drawbacks there are a handful but I think that the biggest one for somebody that might be in your chair is that the hierarchy limits outlie your opportunities.. So when you're at a start-up company you can be 25 years old and all of a sudden you can be the VP of marketing that is not gonna happen at Microsoft.. 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 gonna be a place to do it.. I think then FOMO is the worst feeling ever when you work at a big company.. 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 am working for The Flintstones.. 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 be and onward..

- You were pointing at the big companies.. - Yeah.. - Your big company was Bain.. - Yeah.. - And I believe that Bain is a very different big company than other partners in consulting.. - It is.. - Could you just repeat the question? - The question is, Bain is a very different big company from its competitors in my observation.. Why did you choose it? - I wish I could.. - No you need to repeat the question.. - Oh, 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.. - Well it's the best one you could have 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 gonna work there 'cause it's a start-up because the environment around you really shapes that.. But Bain is absolutely one of the more entrepreneurial and so are 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? It's a wonderful place in the ecosystem..

How are we doing on time? Got, okay.. Got a few of these but so on growth stage 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 kind of are a domain expert.. You have an ability to manage teams 'cause now you finally are starting to get big enough to have a team.. You are okay with just confidently evolving responsibilities everything is changing so fast it's called growth stage for a reason.. The sort of access is straight up a sum total.. So you need to be really, 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 a 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, it's not a good place for you.. 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..

It's just, 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, 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 wanna do maybe marketing, maybe supply chain, maybe engineering, I'm like, what are you doing? Go back to school.. (laughing) If you know what you're good at it's much easier to get these jobs because you can get in, have a skillset 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.. It'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 in 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 'cause there's only five people on your team.. The hard part is, over time you have people join the team that take over parts of those responsibilities 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.. 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 was, 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 start-up 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.. It's really hard..

So I said the right timing here is when you're passionate about the idea and the team because you need that passion to feel you forward.. Okay so founding team.. This is different than being a founder I'm gonna end with the founder slide.. But the founding team is that you need complimentary 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 can 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've gotta do more things but you have one thing that you're good at and people can look at you and say okay, Eurie does this, 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 start-up is I was learning all of these nuances of starting a company but it wasn't really like my official first company of my own so the failure, quote unquote, is 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 is sitting right there, Rosa told me that the risk of founding a company and being on the founding team are very similar.. So if you're gonna do it you might as well start your own thing 'cause at least you're gonna learn trial by fire, you know, really kind of put your 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? 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, you're selling to your team who wants to quit 'cause no-ones getting paid and they don't know what they're doing and you're like no don't leave this is gonna be a good thing.. You're selling to every single person all day long.. So if you are not magnetic and people aren't naturally drawn to you in some way it is really hard to do this non-stop.. So the best founders in our portfolio are ones where people will drop their jobs and join, no salary, no anything and they just wanna 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 gonna build this great company and I think that it's gonna be 50 million dollars in five years and we're gonna make five million dollars 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 LP's successful who have invested in Forerunner.. So if visionary isn't a word you would use to describe yourself or your future goals maybe this isn't something that you wanna 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 to empower them to do their job.. If you're good at that, you'll be a successful founder.. The benefit there is 100% ownership it is yours, it's your baby.. No matter how ugly it is, it's your baby..

(laughing) And it's fun.. 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.. 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.. 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.. Then when the thing happened with my family I wasn't ready anymore.. So you have to know where your risk appetite and your financial flexibility 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 wanna do something and they're hungry and trying stuff, test at any rate so you can still be successful doing that.. And the mentor 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 gonna 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 gonna 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 rhetorically here but what are your core personality traits? What's your risk appetite? What's your financial flexibility? 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 gonna sound the best on my resume.. Like, those are not the right questions to ask yourself that's not gonna get you there.. But these ones are gonna help you and hopefully some other stuff in these slides are gonna help you as well.. So we'll do the key takeaways, this is the quiz.. Path to success, non-linear.. 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..

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) 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.. So that's the best benefit that you get from being in school where you are..

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 all the way through since high school, it's people that I've worked with at Bain, all throughout my life, people that I met when I met when I was traveling.. I would say be nice to everybody because you never know who's gonna be on this side of the table and you need to pitch me and we actually had somebody who was not very nice to me pitched me and I thought it was really funny.. (audience laughing) I did not fund that person.. 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 applause) - Hi my name's Noah, I'm CEO and co-founder of a start-up that's building learning platforms for emerging markets.. - Are you pitching me? - I don't know.. - All right, keep going..

- But the question is, I'd love to learn what your perspective is as a VC on the emerging about of finances that are going to 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.. 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's 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 data, 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 percent of their revenues to different causes or they'll donate products and that's another way of impact or social impact that they are 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.. - Hi, thank you so much for coming here I think it's very inspirational story.. I'm from the business school.. I've been doing some already investing myself in the consumer space, a bit similar to Forerunner as well..

Been looking at digital native brands a little bit more than you guys have been doing as well.. But personally very excited on the space.. I feel the many reasons why it's so exciting from a customer experience, brand experience and they really are here to stay from the likes of Harries, Bonobos.. I'd love to hear from your perspective what you think some of the challenges that we could face? Especially with Amazon there and what you really see, of course you mentioned that having Amazon in fact is a bigger boulder than not in fact.. I'd love to hear your perspective some of the cons of digital natives going forward because clearly going forward clearly everyone's gonna be awoken to companies of the people of color, we have like Harries, we have Dollar Shave, the market is getting clearer so I'd love to hear 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 gonna face specifically in a market maybe relative to Amazon.. 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 customers 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 Amazons 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 gonna be sustainable? Can they grow with their millennial customer who's changing preferences are honestly so difficult to pinpoint.. Then, 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.. 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.. 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.. - So you clearly see thousands of ideas and entrepreneurs every year and you decide to fund only a small portion of them.. But it's only because they check all the boxes on the founder, what characteristics and what not but of all those, they still not all make it.. You've got, had a high potential but didn't make it.. What were some of the reasons that didn't (mumbles) - So the question is we see a lot of deals so it's to the point where we've invested in a deal it's made it down a funnel, pretty tight so why are those even still many of those are not successful? 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.. So there are many times when even we will make the thought of, there's this amazing idea and we really wanna do something in this space and this team seems like it's got it all together they just look perfect on paper and in the back of your mind you feel like I'm a little bit worried about this one thing but we're just gonna do it 'cause 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 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 wanna believe you wanna drink your own Kool-Aid, right? There are a lot of good storytellers out there.. 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? If they have no real reason to start this one versus another one, probably not the right person..

- One of the main reasons of start-ups failing is one founder (mumbling) In your experience, what are the other reasons top reasons, top two reasons why companies fail? (mumbling) And people change also.. - So the question is, you know let's take the founder issue and the co-founders issue aside 'cause that's actually the line 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 then they get a big series A done.. Then what happens? They hire 40 people, they expand their office they expand to L.A and New York and Dallas and all of a sudden, it's just a mess.. So I think that that lack of discipline it still goes back to the founder but I think it's just focus and 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? - 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? It's really easy to let things drop off and resurrect it again so what is your method of keeping your network? - Her question is 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 like a process for it.. I think that I got really lucky 'cause I like people and I like keeping in touch with my friends.. It's really frustrating when you know someone is trying to network with you, right? They're checking in, you know 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 wanna network be really good at figuring out how you can help others so that people come to you, right? (audience applause) - The Entrepreneurial Thought Leaders series is a Stanford eCorner original podcast supported by the venture capital firm DFJ..

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