

URL: <https://ecorner.stanford.edu/video/channeling-an-adaptive-mindset-entire-talk/>

Throughout his career, Manish Chandra, founder and CEO at Poshmark, learned to evolve, grow and adapt to the economical and career changes he faced. His vision for a mobile shopping platform was ahead of its time. Chandra shares his thoughts on how to persevere in the face of doubt, how to partner with founders that share a common goal and why focusing on engagement and community is critical for scaling successfully.



Transcript

- [Female] Who you are defines how you build.. - Good afternoon and thank you, Ravee.. What I will do first before we sort of get into the talk is to give you just a quick video for all of you who don't know Poshmark or may have a certain impression of Poshmark, just give you a one or two minute video on what is Poshmark and then we'll start the talk.. (upbeat music) - [Female] Ready to clean out your closet and make cash while you do it? (upbeat music) Poshmark is the #1 way to buy and sell fashion.. List anything from shoes that don't quite fit to a dress you've been photographed in one too many times in just 60 seconds.. (upbeat music) Ready to find all the styles you love? On Poshmark discovering the perfect look is simple and fun.. (upbeat music) Love your purchase? Leave the seller a love note to let them know.. Join millions of people across the country who are buying, selling and sharing fashion they love.. (upbeat music) - Thank you.. So what I'm gonna talk to you a little bit about is sort of something that isn't talked about as much which is love and how it impacts the growth of your business..

I understand a lot of you are engineering students and one day I was, one, my selfish, was studying computer science but today what we are doing is really helping, in a broad sense, people sell shoes and clothes across the country.. And so I'm gonna share a little bit about my journey from being a database nerd, a computer science graduate to for the last 10, 12 years building shopping communities, particularly centered around fashion.. And today Poshmark is actually going beyond fashion into other areas as well.. So before we get started, let me share a little bit about myself.. So I grew up in India.. I was there for the first 19 years of my life.. I came here in '87 when I was 19 years old.. I grew up primarily in multiple different cities and I think part of what shaped me was the fact that as I had to move from city to city, I had to adapt and quickly respond to changing climates.. If you can imagine as a kid moving from school to school constantly, it was kind of a trauma.. A byproduct of that was for some reason I got to skip a couple of grades..

So I finished high school when I was 15 which was both good and bad.. In some ways, it sort of sounds interesting but you're trying to then leave home and go to a different city and get into a college and try to study.. How many of you are freshmen here? Any freshmen? If you can imagine being a freshman at 15 and having come to a school and living away from your town, it was kind of a crazy time and there was a lot of learnings there.. But that was sort of the foundation that was created which was growing up in these small towns and part of what that trained me for was flexibility which is being able to adapt to different circumstances which has been a little bit of my journey throughout my career.. As Ravee mentioned, I went to a school called IIT Kanpur which was in India and that was kind of an interesting process too because I actually didn't know what school I was going to because I was only 13 when I was thinking about colleges.. And then suddenly realized that I wanted to go to this very specific cool called IIT Kanpur which had this computer science program and they only took 15 students every year in this program.. And I told my dad, either I'm gonna go to this program or I'm gonna sit out a year.. And he said, "Are you crazy? "You've got to apply to more schools than this one school." And I said, "No, that's the only school I want to go to." So he forced me to apply to a couple other schools but I was very hyperfocused on getting into this program.. And the way that the admissions process works is you get ranked and based on your ranking, you get to select which school you get to.. So there's six or seven IITs, there's more now..

So I got, I think my rank was 41 or 43 which typically would not get you into that school, which typically would get you into a different school but somehow that year, one, two, three, four, five ranks chose to go to a different IIT.. So I was the 15th student admitted.. So I think some of my life has been shaped by good luck as well, where serendipity and good luck and

focus get you into these things.. Anyway, it was a great experience, learned a lot, and from there, I came to Texas and went to UT Austin and enrolled for a PhD program but after awhile, decided that that was not a journey that I wanted to pursue.. So I took a master's, dropped out and moved to the valley and joined Intel.. And my first job was actually building database software for storing semiconductor data and there used to be a job like that in '89 because there was no professional databases at that time, things like Oracle and MongoDB and SQL did not actually exist.. So we were still hand cobbling databases in those days.. After a year, I realized that that was not something I wanted to do.. So I looked around and found that I want to really work for a database company and moved across the bay to Berkeley to work for a company at that time called Sybase.. And when I was at Intel, Intel had I think eight to 10,000 employees..

So my next job was with a company which had only 80 employees at that time.. Accidentally without realizing, I joined a start up and that was the good part.. The bad part, for those of you that are familiar with starts ups was we were in 1990, we were going through a bad recession in Silicon Valley and Sybase was not able to raise a round of funding, so they had bridge capital when I joined and they'd just laid off 10% of their workforce.. And fortunately for me, I was not savvy to any of these topics.. I was very excited about living in Berkeley and working for a database technology that was really, really sophisticated and gave me the learning that I wanted to do.. And so what happened was within a year, the recession turned around, the company grew.. By the time I left it five years later, we were 6,000 people, we'd become public, we were one of the top database companies and to me, the moral of that story was really again around pursuing what you love and focus on.. When you do things in a calculated way, in a top down way, it may work out, it may not work out.. In this case, I was just pursuing something that I wanted to do more from the perspective of what I loved.. And that is sort of how my entire career has shaped out including starting the two companies..

It hasn't been, oh I want to start a company in collaborative consumption or something, it just sort of organically evolved in the process.. And so I was there at Sybase for a long time and then I realized that the company had become too big for me.. So then I joined another company called Versada which had a couple of ex-Sybase people, and it had only eight employees at that time.. Now we were in a completely different world at that company, we were building applications for Microsoft platforms and this was '95 and the world was shifting towards the first wave of internet.. And at that point in time, what ended up happening was that as the world was shifting towards internet, we had to pivot and actually Professor Bias if he's in the room, I was taking his class right before that time and learning about concepts like crossing the chasm, focusing, et cetera and as this newfied MBA at this company, I was trying to persuade the CEO to apply those concept and was failing.. But ultimately, some of those things helped me in a way because we had to put all of our energies in moving away from the Microsoft Windows platform and moving to internet back in '98, '99.. So that was a time of I would call extreme learning where we were in a company that was going through a major what we would call pivot today where we had to actually go through firing off half the company to go through that pivot.. But then we grew from there and actually went public in 2000 and the company went from eight to over 600, 700 people.. And that was my first state of success where I really was there from the beginning and grew the company.. But as I was exiting the company, we hit the second recession in Silicon Valley which was around '00 and '02 that I experienced where things were really bad, that's probably the worst I've seen in the 30 years in Silicon Valley and that allowed and forced us to all reinvent ourselves..

So I had to focus on reinventing myself from being an engineer and I actually took on the role of an investment banker at that point in time.. And what I was doing was really introducing companies together and through that process, I was able to connect two companies that one company ended up acquiring another company and in that process, it became a new company and invited me to join.. When I joined that company, I realized that this area, the specific are they're working was not my passion.. So I took all of that, and my wife is here, and we took all of that and applied that passion into remodeling our home.. In that remodeling, I discovered a lot of problems that there were around collaboration, around shopping, this was back in 2003, 2004 and from there emerged my first company.. But as the idea was forming, I kept telling myself, I'm not the right guy to do this 'cause I know everything about enterprise software, building systems, databases, I know nothing about consumer behavior.. I know absolutely nothing about advertising, I know nothing about collaborative models or web or internet from an outside in perspective.. So I kept rejecting the idea but progressively, that idea became all consuming and everything felt like a nail.. So it felt like I could solve world hunger with this little thing around social collaboration, a tool that I was building which was called Kaboodle at that point in time.. And part of what I did was, and this is sort of how I approach problems is creating the necessary preconditions for success..

And I would again, give you a piece of thought is that wherever you're going, beyond the journey you're taking in terms of the schooling you're getting, et cetera, if a direction you want to get to, trying to create the right precondition for success is very important.. So for me, that preconditions came by actually becoming a volunteer in several different local organizations and taking an focusing my energy and connecting with people who really knew what internet was.. So I connected with alums from IIT, from Berkeley, et cetera and brought them into connection, met with a couple of my professors who were teaching here at Stanford, couple of guys who were in Google in the early days, but also created a group of internet luminaries who were just starting out at that time.. So through that I met with Reid Hoffman, Joe Krall, bunch of people which I would not have met through in my normal sort of process, brought them all together, created a think tank, which was good for them but I was also learning through that process and meeting folks.. And so that was some of the preconditions I created before Kaboodle was getting born.. As Kaboodle started, we really started in a garage, physically in a garage and very soon we realized that the real true product market fit for that product was around women's shopping and women's community.. And so by honing it on that very specific thing, it was easy to find that market fit.. However, when I went to my board, my advisors,

everyone asked me a simple question which was, how can shopping be social? Now you have to remember, this was 2005 and I'm a tomorrow 51 year old man and at that time I was sitting in a room of 40 year old men and for them, shopping being social was very counterintuitive.. And so we had to take a risk to really move this thing in the world of social shopping as we were going from a general purpose collaboration tool.. Fortunately we did..

And the market adoption, and we made everything public and super social.. This was circa '05, '06.. Even the term social shopping when we launched the product in '06 was counterintuitive.. You had to explain what is social shopping.. I remember going to TechCrunch at Michael Arrington's office and trying to explain to him what does social even mean in the context of shopping.. Social was somewhat of a paradigm but social shopping was kind of an oxymoron in those days.. And that's how the Kaboodle journey began.. And the company grew very fast in the first couple of years but it was still early days, the monetization wasn't there, and in '07, we were looking at two options.. We had a turn sheet from SoftBank and we had an acquisition offer from Hearst.. Fortunately for us, we actually ended up selling to Hearst at that point in time and became part of Hearst Magazine's and Hearst Interactive..

I say fortunately because after that '08 and '09 happened.. And '08 and '09 was another recession.. Fortunately, this time I was sitting in a very different situation where we were actually scaling and growing very fast at that period of time.. And this journey of five or six years with Kaboodle became my, how many of you have read Malcolm Gladwell's 10,000 hours sort of metaphor? So Malcolm Gladwell has this book where he talks a little bit about the fact that to really specialize or grow skills in some area, you have to spend at least 10,000 hours practicing it.. And so through these five years, these 10,000 hours that I spent in this journey transformed me from being just a database geek to now knowing about community, fashion, working with a community which was predominantly women and then marrying technology and these things together.. So as I came out of this company and finished my contract with Hearst, I wanted to do something which mirrored these two things.. And the big insight I had was that when we think of really creating a shopping platform which is focused around discovery paradigms, fashion, style, et cetera, the scale that we've been able to achieve in 2009, 2010 was very small and lot of it was gated by the fact that people were really trying to do everything in a very structured, algorithmic way.. And a lot of passion in style is a serendipity discovery.. So the first thesis we had going into this whole problem was that we wanted to build something that was really powered by people.. And the second thing which was there which was happening in '09, '10 was iPhone was just starting to come of age..

And I say iPhone because that was the only mobile product worth using at that time and so mobile was just starting to come of age.. And that really led to the creation of Poshmark.. And what clicked in my individual was I was on a vacation and one of my friends had an iPhone 4 which was about this big but it was the first phone which had very high resolution camera and very high resolution screen.. And he was able to take a photo, immediately upload it to Facebook where I was with my SLR trying to take a photo, get the chip out, shove it into the laptop and trying to get it in.. I said, this is revolutionary right now.. And right around that time, I discovered a little app called Instagram which had this notion of something called filters and I said between these two things we've suddenly empowered the consumer to really create a dynamic fashion magazine.. And in '09 when we had the early idea of Poshmark, we were thinking it'll be a set of fashion magazines that would connect people to buy and sell.. So in '10 with this platform, it became clear that this may be the right way to think about it.. The challenge was the world was not ready for it.. None of the investors at that time really believed that mobile will be the place where people would shop..

So everyone's trying to convince me why don't you just use it as a selling tool but really create a website around shopping.. And for me, that felt very antithetical to the whole circular paradigm.. So the one big bet we made which was the insight was that everything will be done on this phone.. So we really focused on just one thing which was to build an end to end app around this area.. Prior to even starting Poshmark, one of the preconditions for starting Poshmark was when we started Kaboodle, it was three guys, all of us came from technology background because again, my network were confined to Silicon Valley.. So for Poshmark or for the next journey, I said, I have an amazing network of people from technology, I understand product and all of that but I wanted to systematically bring in a partner, a cofounder, who came deep from fashion world.. And so I actually spent the first half of 2010 even before this epiphany around the phone happened really trying to figure out who that right founder would be and met actually several people who grew up in the fashion business in New York and LA who were here and finally met my cofounder Tracy through Mayfield who was one of the people who introduced me and connected to her and we really ended up sort of really sort of feeling compatible in terms of how are value, what are shared vision was about the future.. And then two of the other cofounders, Gautam and Cheta, in Poshmark were actually with me in Kaboodle days.. Both were CTO and VP of engineering which is the role that they play here and that's how the initial team for Poshmark came together.. But there was a fifth missing piece because Poshmark is very much powered around community..

And so to get that community element I actually went back to Kaboodle and reconnected with a person who worked in a very different role with me in Kaboodle and recruited her and she didn't even know that she was actually really good at it but I saw the potential in her to bring her on as our head of community.. And the five of us were able to start Poshmark, again, back to the garage days, initial funding came from Mayfield, and bet the farm on creating an end to end platform on that little device called iPhone 4 at that time.. Now it seems like amazing serendipity wise, mobile should've meant everything.. In 2010, 2011, it was a huge risk.. In fact, I remember going to at least 1,000 different investors up and down Sandhill and everyone saying, "Yeah we like it "but the conversion rates are much higher on the web "so you should definitely launch a website." We actually didn't launch a website till two years later and actually only beginning of last year did our website actually match up

to industry standards and web is actually a growth engine for us in the last 18 months.. Almost reverse, 'cause the first five years were all mobile for us.. The beauty of that was that we built everything so everything happened on the phone which today, people are trying to get to and we sort of started there and that ended up being a huge competitive advantage over the long term.. What I did not know which happened in the Kaboodle days but also happened in the Poshmark days was as we were starting the company, there were at least 70 to 80 other guys who were trying to do the same thing.. Seven years later what's interesting about our space is not the fact that Poshmark is growing and scaling and winning but that there is actually probably eight or 10 other companies who are doing pretty well in this space.. And the whole space is actually very well formed at this point driving a lot of growth in how fashion is being bought and sold, not just in the United States, but across the world..

And that is something which I don't think I could have predicted even at that journey is how the entire behavior of the consumer will massively shift.. However, what we did from day one was put in a couple of core principles in place that have guided the growth of the platform.. And the first for our business was really focusing on love.. By that, what I mean, is focusing on engagement.. And so if you're building anything in the consumer space, I would say the number one thing to focus on is engagement even though everyone will tell you to focus on growth.. Growth comes but engagement is something that is not easy to get or invent.. So for us, the very first version of the product got the consumers very deeply engaged and that was an early sign of success where people were and are spending somewhere between 20 to 25 minutes a day on the app and they open the app seven to nine times a day.. And most people will activate as both buyer and seller which makes the process of building a marketplace much easier because you don't have to focus on supply or demand simultaneously.. So where we are today is we have little over 40 million community members growing at the rate of 40, 50% a year in terms of sheer community.. They continue to remain engaged..

So every single user who's joined the platform continues to scale up in its engagement and spend levels.. We have roughly about \$100 million worth of inventory that's uploaded on a weekly basis.. What's really interesting is one of the architectures we created was mutual sharing of love.. So the platform is built around the fact that each user has to build a set of followers which is not counterintuitive to all of you 'cause you are familiar with social platforms, you have to build this set of followers.. What's counterintuitive is that all your items are primarily seen by just your followers.. Which means in order to grow your business, you have to not just build a network of followers, you have to engage with other people.. And what the follower sees is all the items that are being shared by the people that he or she is following.. So you have to actually share, not just your own items, but items that other people list in order to build your network.. So in that sense, it behaves like a social network.. So probably the only marketplace where every seller spends roughly half their time promoting other seller's items..

Now if you think about it for a second, how counterintuitive is that? How many people know a marketplace where every seller spends half their time promoting other sellers? But they don't do it because they are just in the world of being good to other people, they do it because they also want to grow.. However, this particular metaphor, and by the way, this metaphor was an accident in the sense that the curation was very deliberate to get people to curate each other's items but this interaction and engagement, that observation only happened later on as to how it was facilitating as an extreme expediter of community development because you had to engage with other people.. And what that does is it allows us to continue to sort of build the system without having to do all kinds of retention and proactively going out and other pieces.. Now when you think about people sharing each other's items, there is a wisdom into it because as you share other people's items, you actually become more and more savvy as a stylist.. So we call our sellers seller stylists.. Also, it prevents us from introducing things like advertising because we can't.. The main focus is around sharing which keeps the core of the community very pure.. And so one of our first core values that we've created in the platform is all around putting the consumer first.. So when you think about the seller and the buyer, because they are the same and because they have to focus on other people and those people are focused on other people, the core of the community is centered around people.. So our entire shopping platform is not built on products, but on focusing on people..

And I remember in 2010 standing in a cafe on University Avenue and three or four of us were sitting there and we just had this epiphany that Poshmark is all about people.. And that is still true and we all gave each other a big hug because the entire product design centered around that single concept of people.. What was beautiful is that it also allows us to design a company architecture.. So for example, at Poshmark today, everyone who joined in the first two and a half years of the company, every single employee is still here with the company.. And they are still scaling and growing with the company.. Many of them are senior executives, many of them are leaders in the group.. But part of it is not just me putting people first but everyone putting people first.. And that has created a culture which obviously takes a lot of effort and we are going to as we are scaling at different places to continue to challenge it but it creates an amazing culture which particularly when you live in Silicon Valley to have that longevity across all types of folks is very hard to do.. You can only do it if you can walk the walk and talk the talk and blend the two things.. So it allows us to dovetail community and company paradigms into a single approach..

The second thing is we created a partnership with our community where we do not make any money off our community.. We only make money when our community makes money.. Now think about that for a second.. If you are in the business of advertising, you're actually asking people to pay something whether they make money or not.. If you have a service fee, you're actually asking people to pay a service fee whether they make money or not.. Imagine if Stanford changed its entire tuition system to say we'll only be taking five percent of your future earnings and nothing today.. They would actually be in a

different position, it'd be a very radically different approach provided you signed up for it.. So we did that.. From day one, we said, "Hey seller, "anybody who sells on the platform "we'll have an 80/20 partnership with you.. "You keep 80% of revenue, we keep 20%." And that's it, there's gonna be no other fees ever beyond that..

You'll never pay any payment processing fee, any shipping fee, any overrate fee, any chargeback fraud, anything else, no listing fees, nothing.. So we did that in 2011.. In 2018, we have the exact same fee structure.. If you think of seven years in any marketplace, any single marketplace you can think up, if you look at the number of times they've changed the fees, it would be at least three to six, whether you think of Amazon, Ebay, Etsy, Uber, any of these marketplaces, and part of the thing was it felt a little heavy early on that people said, oh, 20% is a lot but the reason we did that is we could provide every single service and never have to go back and touch that fee structure.. So we could lead and focus on love and money comes.. And money is always a second order process.. So we can focus on really delivering the highest value and that guides us from day one is we are in the service of our seller stylists, of our community and we don't have to worry about anything else.. Everything else just gets taken care of in the process.. So we always go with our community.. We cannot go outside them because we don't make any money if they don't make any money..

We just recently announced we've distributed over a billion dollars to our seller stylists, distributed, not just our revenue.. So it excludes our fees and everything else.. And that is a great milestone because in their success lies our success and it never disconnects ever at all.. The third thing which is around this sort of love is very, very critical because if you have that as a core thing then you can allow and scale the platform without having to corrupt it.. And over time, one of the challenges that happens is when those things become, when love and money gets disconnected, and you start to become a public company or whatever, all these pressures start to take you down into dark alleys and it's taken a lot of work up front, the first three, four years were super hard but as you're scaling by coinciding these two pieces, you can create something really early on.. So my core takeaway from this is as you go through your journeys in life, obviously you're very young and as you evolve, as your own value systems get clearer, think of how you can create products and services that can be meaningful, have economically sound foundation, so we didn't give away the product for free, we charged 20% partnership, but over the long term it becomes very symbiotic and synergistic with what you want to do.. And you're clarifying around what your value systems are what you're trying to do is very, very powerful but then being able to build products and services that you can symbolize is even more critical and particularly with the amazing opportunity that all of you have and the amazing opportunities that this valley gives you in terms of growth, I think the responsibility that we have to society is at an all-time high.. And so we have to be able to level up to that responsibility and combine it and integrate it with all the amazing opportunity and successes that all of you are going to achieve.. And so one of the beautiful parts of working at Poshmark is that every day we get to see the success of over 10 million people who are actively selling and buying on the platform and continue to scale.. And we have women who have gone from starting from their closets, now running million dollar businesses manning three or four fashion beds entirely on Poshmark..

We've heard stories of people escaping abusive relationships using Poshmark.. We've heard people who have started, again, and built multicity group and then of course connections.. So that is fantastic and the fact that we don't have to go and give them another tax bill at the end of the day is very, very nice because they can continue to scale their business around Poshmark.. And so that focus has been the cake.. The final thing I'm gonna leave with you which is super important thing is each of you is weird.. Who doesn't feel that they're, or who feels that they're weird? Right? Starting from Intel and helping women sell shoes definitely weird, right? But there's many other weirdnesses I can talk about, but I'll tell you one thing else is that the very first year I arrived in this country, I was actually nine months later performing on the steps of the Texas state capital in Mexican folk dance being part of the Mexican folk dancing group.. So totally embrace your weirdness and in your weirdness, you are also embracing everyone else's weirdness and that's the power.. The power is not about you, it's really about accepting everyone else for who they are.. And in that process, you can create something much more robust.. So when you think about community and think of the products they sell, and there's many platforms out there, one of the biggest things for us is that fashion is universal..

So there's no restriction to what you can sell on Poshmark.. You can sell your five dollar shirts and you can sell your \$5,000 handbag.. You can sell something new, you can sell something old, you can sell high end, low end and really by embracing everyone, what it does is creates much more robust of a system.. And you'd be surprised even if you look around or you look at your closet or around, what you find is that people have all kinds of mixtures and they actually go through all kinds of journeys.. And by bringing it all together and figuring out a way to have them all work together, it's become so much more robust than if we created a platform only for a certain kind of product, whether it's luxury or street or something.. And now we can actually start to broaden it up and embrace all other kinds of weirdnesses.. Similarly in our company when I look around and we look at different people, we have PhDs, we have folks from Ivy Leagues and we have college dropouts and they're all in senior positions, in different kinds of senior positions because we want to embrace it all and we're working hard.. I wouldn't say that we are all completely diverse, we have to work more on that diversity within the company but the key and the mindset is open and through that, you can create lot more robustness.. So by embracing your weirdness, I would really urge you to embrace the weirdness of all of the others.. And through that, I think you can create something much, much more robust..

Thank you.. (audience applause) - [Male] We can now open it up for questions-- - Oh sure, any questions? - [Male] How hard was it for you to embrace your weirdness when you were trying to enter the world, for example? - So yeah, yeah, the

question is how hard was it for me to embrace my weirdness as I was growing up? I would say that it's a progressive journey.. When you are young, and particularly when I was staying at home, I was a teenager and teenagers probably an age where you're trying to fit in.. So over time, you get more confident but I would say that because of the fact that we had to move around so much, I felt like there was lot of life experiences that I was exposed to which allowed me to create a broader mindset and more acceptance.. So for example, I grew up in a family which was vegetarian.. However, the first set of meats I ate were hunted meats which in India is kind of awkward and weird to think about but that has opened up my palette which I realize now 50 years later that I can eat almost anything with anybody.. So that's been much more embracing of my weirdness but it was created because of this openness that was there.. - [Male] So you talked about advertising, like engagement over growth, right? Do you think that would apply outside the mobile app community space and if so, how? - I think it would.. So the question is, I talk about prioritizing engagement over growth, does it apply beyond mobile applications? I think it applies to really any kind of consumer experience for sure, potentially enterprise experience but I'll speak from a consumer experience.. If you're building something small, let's say you're building a coffee shop, if you can figure out how your customer loves that coffee shop repeatedly, then you can build thousands of them..

But if you haven't figured out that deep love and connection with that customer, it's much harder to scale.. And the thing is that love and customers, so you can get capital and you can open up 10 coffee shops but everyone has the same crappy engagement, at some point your business will stop growing.. So that's why I believe that when you're trying to get that genuine connection, enterprise is just a little bit different because you can go through that iteration process and scale at the same time.. But in consumer, either consumer is connected to your product at a deep level or not.. And if you haven't gotten that and you grow, then I think you're growing on very weak foundation and ultimately the chances of faltering are high.. - [Female] How were you able to push through, the thing that you wanted to do when you didn't know that everything was going to be on the phone? How were you able to focus and be determined when everybody said, nobody knew that the phone was gonna be everything to us and how were you able to push your company through that? - The question is how was I able to push the company through and get the determination that the phone was real? So I actually did an experiment.. So one I discovered that this phone thing was happening, I gave up my laptop and spent the next several months just working off of my phone and an iPad which in 2010 was an incredibly hard thing to do.. I was trying to do PowerPoint on it, Excel on it, there was no native applications and the phone factor was this big.. So I did that for several months.. It was painful but I felt like you could do that..

And so that proved to me that this platform which was sort of still embryonic, if it was this productive and this potable, that there's a probability that this thing is likely to succeed.. The second thing was actually what one of my mentors said which is as entrepreneurs, we have this syndrome, he calls it the YAFO syndrome, the entrepreneurs name is Kanvhill Drake and he called it the YAFO syndrome.. I don't know if you've read about it but it's called yet another effing opportunity syndrome.. And what ends up happening is that when you get an idea and you see its application, see it can be applied here, it can be applied here, it can be applied here.. I can do it this and if I don't do this, somebody else will do this.. And so after awhile, you feel like you have to do everything simultaneously.. And most great ideas die not because they're not great ideas but because you diversify and broaden out very quickly.. Professor Bias taught me about crossing the chasm which is about narrow focus and crossing something with a lot of force around it.. So once I nailed down this focus on phone, I knew I only wanted to focus on that one thing because building for it will be so hard that diffusing it will actually bifurcate the team, bifurcate the resources and bifurcate the energy.. So the combination of those two things allowed me to build the conviction to go down that path..

- [Female] Were you scared? - You're always scared.. So the question was were you scared? You're always scared.. So here's another thing is being a first time entrepreneur, you're very, very scared and everyone tells you you're wrong.. And I don't know if you've heard the story of emperor who's naked.. Who's heard the story? So a lot of times when you're doing that first company, everyone tells you you're wrong.. So you are really getting the feedback that you're wrong, you're wrong, you're wrong.. So you don't have to worry about being scared or being wrong.. When you're a second time entrepreneur and you've had even a moderate first success, lot of times people fail.. And so again creating the preconditions of success for a second time entrepreneur, one of the biggest feedback I got was that to succeed the second time you have to have beginner's mind.. You have to surround yourself with people who will tell you that you are screwed up..

And so I actually spent a fair bit of time building a different kind of circle in the second time where there were a lot of people who could challenge me, who could kick me and give me the fear.. Because you do get a sense of confidence once you succeed even moderately.. And so that was very helpful in the early days.. And then there's obviously new kinds of problems that happen in the second journey.. So that creates its own fear.. - [Female] So the opposite kind of question.. So if you had known that 80 people that were working on the same thing you were working on, how would your perception of your idea, would you have gave it up for something more unique or would you still have worked on it? - So the question is had I known that there were 80 other people working on the idea, what would I have done? And I think that was probably the part where my confidence from the first time played better in the second time.. So first time I was hyperfocused on competition and I actually made a lot of mistakes by adding things in response to competition.. Because even the first journey in the Kaboodle journey, we had 60 or 70 people who jumped in and there's a lot of PR that happens depending upon your funding levels, who's starting it and you get very responsive to that.. So you feel like, oh my God, this person is rising, I have to respond to it..

Yahoo is doing product, Google is doing a, so in the second journey I realized that most of my mistakes in the first journey came from paying too much attention to the outside.. So one of the byproducts of this value embrace your weirdness is also around that.. If you look at great journeys and great evolutionary evolution, you have to focus on your own strengths.. And so I don't think it would have impacted me but it didn't impact me.. In fact, later on as competitive products have come, there were pressure from investors even for the team let's morph in this direction or add that things and I have been very focused and so has my team, especially the core team, to focus on our journey.. And so I would say, especially in a competitive environment in sort of looking around, if you figure out who you are and pursue that journey, the thing is there's so much out there that it isn't a zero sum game.. And particularly in the business we are in, it's an infinite term, it isn't a zero sum game.. So by focusing on your own value, you can create a journey of success which you won't by constantly looking around.. Which is not to say you shouldn't pay attention to great things that are happening around you, you shouldn't pay attention to the great innovation that's happening around you.. But instead of being scared about it, figure out your strength rather than chasing it..

- [Male] Regarding the product, I read that you offered free authentication when a transaction takes place.. How do you guarantee the authentication when you're working with thousands of brands? What's the process like? - So the question is we offer free authentication for certain kinds of products which means that we verify that this is an authentic Louis Vuitton or Chanel and how do you guarantee that with thousands of products? So really at that price point, the number of brands actually narrows down and we have a pretty savvy team focused on a certain selection of brands.. Plus, we partner up with a network of virtual authenticates for specific things.. So if you hit, for example, a '60s or a '70s Chanel bag or a Supreme jacket that was made in the '90s, you have to then go to specialists that we connect with and bring them on or we even have a native specialist.. So yes, there is a set of science but then there's a set of art and then there's resources and you have to combine all of them to offer that service.. - [Male] I'm pretty sure you failed at many points.. So what was a big failure and what did you learn? - The question is you probably failed at many point in times.. What's a big failure and what you have learned from it? There's many different failures.. I think there's two times that I can share, one was at Kaboodle when we were just starting to scale, we got so caught up in our early success that we had that I ended up going out and partnering with everybody who was coming in our direction.. So I ended up creating a partnership with Ebay, with a group called Conde Nast that some of you may know, they make magazines like Vogue and others, we were about to do a partnership with Business Week and McGraw-Hill..

If I had done that partnership, the company would have died.. And so part of the challenge was in the cockiness and ego of early success, we thought we could do it all.. And that, I would say, is probably the biggest thing is that my flaw or my challenges have all come from becoming too egotistical or too cocky.. They have never come from fear.. And so I have to keep an eye on it and surround myself with people who are kicking me in the butt and telling me I'm wrong.. - [Female] I have a question on how do you build your very early users, even with sites like Etsy around that have a much lower commission? - That's a great question.. The question is how did we build our early group of users? And I think for us it was a very organic process.. So what we did was we, when we started the product development process, we actually got in early build out within three months of starting our product development into the hands of a few users.. So early on, the users were friends of our community team, their friends, a few people that met and we hosted a small event at a boutique and that's how we got some of our early users.. And then we had our community leader Leanne, Tracy, me and one other person and we would just go out to events and try to recruit people, local people, remote people..

And the idea was to funnel them into a weekly meet up that we would do at a wine bar in San Francisco.. And the goal was to get them there.. Now one of the funny things was in 2011, most people actually didn't have a smartphone.. So they didn't have an iPhone or an Android device.. So we had to actually go out and buy 100 iPod Videos which was the model equivalent of an iPhone and have that with us which we gave to people on loaner, most of them didn't come back but that was our gift to them in terms of their testing.. So that's how the early community formed.. We would meet with them every week.. Early on we didn't have transactional processes.. So Leanne would actually send out emails and say, "Hey, you need to pay \$30 to this person, "you need to pay \$20 to this," when they met at district wine bar, they would actually exchange bags and exchange money.. But the serendipity of it was that the number of people who joined, the activation rates and engagement rates were over 80%..

So it was foundationally very built on deep engagement and that's how the early community started.. Then when we launched the app formally in late '11, early '12, again, there was no mobile distribution agents out there.. Some of the stuff you see which allows business to scale very fast, none of that was there and whatever was there was extremely expensive like \$35 to \$100 a user which was not something we could afford.. So what we did was we actually started to throw small physical events in cities.. We went to LA, we went to San Antonio, we went to Austin and through these small events partnering up with two or three users we had there, inviting some of the local fashion bloggers and those events ended up again creating small groups of users but deeply engaged.. And that's how we built our first five or 10,000 users before we got real mobile engines to scale the business.. So it was hard work.. I would say in the first 18 months of our app, we had only five to 10,000 users but each of them was so passionate that I remember in May of '12 when we were going to change our shipping rates, with a five or 10,000 registered users, we got 200 emails for testing it.. - [Female] Are there online shops that exclusively sell through your platform, like users that have made their own business or boutique? - The question is are there users who only exclusively sell through Poshmark? Absolutely.. We actually have many people who are not just selling through Poshmark but have risen up in the fashion chain where they have created fashion brands and we have a wholesale engine where they

distribute those fashion brands to other sellers who also sell it on Poshmark..

So they have their own brand, they have a brand that they sell through other sellers, and they also then have maybe 200, 300 sellers selling on their behalf.. So they're becoming like mini fashion moguls where they have their own boutiques, they have proprietary direct-to-consumer, and some of them now have three or four different brands, some focus on plus size, some on jewelry, and I expect, we just announced that we hit one of the first million dollar a year kind of a seller who's doing it both directly and through these brands and I expect we'll start to see \$10, 20, 50 million mini fashion and beauty moguls who are being created on the platform in the near future.. (audience applause) (upbeat music)..