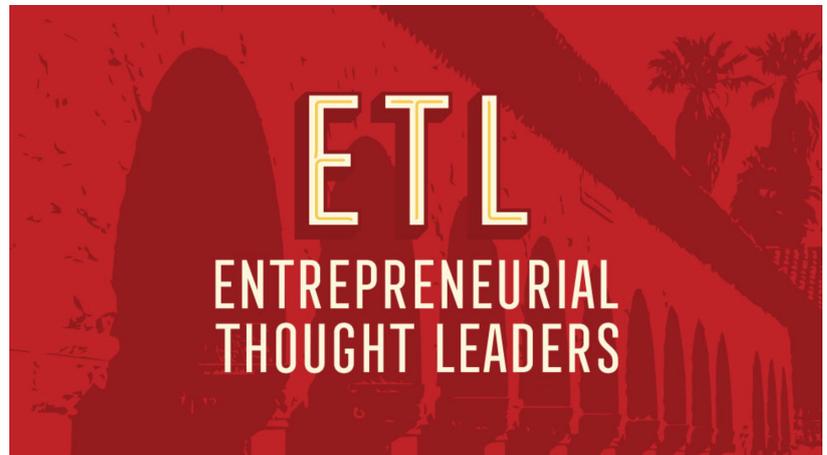


URL: <https://ecorner.stanford.edu/podcast/let-your-customers-educate-you/>

Adam Pisoni, founder and CEO of Abl Schools, shares how he tackles complex challenges, like modernizing the education system. Pisoni describes how he listens first, addresses today's known issues and builds pathways to new possibilities. He breaks down how to identify scalable solutions, validate ideas and prioritize needs.



Transcript

(light music) - Who you are defines how you build.. This is the entrepreneurial thought leader series.. (light music) Brought to you by Stanford Ecorner.. - On today's episode, we have Adam Pisoni the founder and CEO of Abl Schools, a dynamic scheduling platform that helping transform the way teachers manage their day to day tasks.. Before founding Abl, Adam helped co-found Yammer a social-networking platform for businesses that was later sold to Microsoft.. Here's Adam..

(rhythmic electronic music) - What I wanna do real quick, I'm gonna tell you what I'm wanna talk about, and I got to decide what I wanted to talk about.. But I'm also interested in what your curious about.. I could talk a lot about Yammer and all that, but, I actually chose not to because after Yammer, I left to start Abl.. And I think a lot of the lessons I learned from Yammer I took into 'how do I find a new idea to work on that's in a totally different space that I don't understand..

And how do I evaluate those ideas, and also a bunch of lessons I learned about social enterprise, in general.. Those are the topics I wanted to cover, but before I start, just to understand who's in the room.. I'm assuming most people here, actually, from what I can see, are students.. Raise your hand if you're a current student.. I think that's gonna be most people.. Wow.. Raise your hand if you currently run a company.. Awesome, thank you.. Raise your hand if you inspire to start a company.. That is your goal..

That's a lot.. Okay, raise your hand if you inspire to start some kind of social enterprise.. Alright, great, awesome.. The last part will somewhat apply.. I've come here, so I want something from you real quick which is, this is what I wanna talk about, but why are you here? What do you hope to get out of this? Can I get any volunteers who might have something they were hoping to get out of this? And then I might ignore it, or I might talk about it.. Anybody? Be brave.. Part of entrepreneurship is being brave.. I will not start speaking until I get- Thank you.. - Tell us a little bit more about your unusual academic path leading into your entrepreneurship.. - I appreciate that..

I am going to talk about that.. The question was about my unusual academic career path, or path, so thank you.. Also, people are hoping to get- You heard my background? - I've always been the type that you have to tell me no.. One of the things I like about coming to these lectures is I like to see if that same person has that same trait.. - Tell me no? - You have to tell me no, in life.. - Yeah.. - Tell me no or I'm gonna try.. - Got it, okay.. One more? Any one other person wanna get into it? Real quick? I like the audience participation.. I'll just go..

Alright, interrupt me if you have any questions, but we'll get into it.. First of all, I, again, am not gonna spend a lot of time talking about my full story, but I do wanna give to your question actually.. I appreciate the segway.. A little bit of context.. So Ravi spent a bunch of time explaining to you why you should listen to me because I've been successful.. Therefore, you should listen to me, believe everything I say, and don't deviate from it.. It's obviously B.S.. But there's a bunch of reasons why you wouldn't listen to me.. Because I'm actually a high school dropout.. I have a junior high diploma as my highest degree..

Being in rooms like this is very interesting for me because you all have significantly higher attainment than I've had.. And that is an important part of my story that I believe, now, has given my a lot of perspectives on the world.. When I look out here, it's easy for me to, for example, judge a lot of you for your backgrounds and whatnot, but the truth is, I don't know your backgrounds.. You each have very unique stories on your own.. One thing that I hope that you'll take from this is

understanding that the things that make you unique even if they're the difficult parts of your background, are actually the things you should lean into because it's what makes you a strong entrepreneur.. Furthermore, I think one of the things that has made me successful is that I have found other people who aren't like me.. Because we all have narrow points of view.. Our experiences are really shaped by our experiences and our mental models, so I've surrounded myself with as much as I can by people who are contrarians who don't think like me.. Who will challenge me.. And I've tried to approach what I do with humility..

I hope you do that as well.. That's my start, because I've sort of come to an interesting place.. The first thing I wanna talk about is, how do you find a problem to solve? A lot of you raise your hand, you wanna start a business, and there's so many misconceptions about how to find a problem or how to know that you've found a problem worth solving.. I'm just gonna tell you my story of the last three years which is how I started Abl, through the lens of everything I learned before that, in the hopes that it helps you.. The first is just why I went into education.. Yammer was an amazing story.. I mean, it was four years.. From five employees to 500 employees.. From zero revenue to tens and millions in revenue.. To millions of users..

I think we built a great company.. Even given that growth, we built a company that had a solid culture that people wanted to work at.. Our customers really felt they were part of something with us.. But obviously, enterprise social networks is very different then going into K-12 education.. To understand why.... I mean, I dropped out of a high school, as I said.. I moved to Phoenix when I was young, from New York.. I did not have a good experience in elementary, middle, or high school.. I was actually quite othered in a way.. I don't know if I kinda looked a little, or talked a little different than the other kids there..

I was always a smart kid, but I felt, in a weird way, I'm gonna use this word, but I'll explain it in a moment.. I felt kinda marginalized in a way that teachers and students picked on me, and I was not happy about that.. But I loved to learn, so I didn't have a lot of friends.. By the time I got to my junior year in high school, actually one of the pieces of context, I, at one point in high school, was dating a girl who lived in a better part of town.. I didn't live in a bad part of town, but her's was a better part of town.. She went to a high school that was about the same size.. Another public school just like mine, but her's was significantly better than mine.. And it was so infuriating.. I was infuriated.. We both went to public schools of the same size, a few miles apart, and her's was better..

And why was that? It made me really angry.. Why was it that my experience I was picked on by jocks or whatever; who I didn't think were any better than me.. So my junior year I went to the guidance counselor and I said "I wanna go to college 'cause I like to learn" .. And I had okay grades.. The guidance counselor said, "You know, this isn't a great school.. "There's no way to test out.. "You should just drop out and go to college." So the guidance counselor told me to drop out.. It took me months to convince my parents who were both educated.. I dropped out.. I went to college for a year, community college..

Dropped out of community college to start my first company in 1995.. Which eventually failed.. My first success was Yammer.. Everything else before that had pretty much failed.. As I mentioned, in my high school career and before, it was not for me.. I had felt very isolated and lonely, somewhat marginalized.. But as I got older, I think learned that drove me to go into education today, which is, I was not really that marginalized.. I mean, I had it pretty easy compared to a lot of people.. A friend of mine in high school, he was one of the smartest people I ever met.. He lived illegally in a trailer with his mom in an empty dirt field..

He was so smart, and I don't think he made it out of there.. I don't know where he is today.. We lost contact.. For all these reasons, I became very passionate about equity.. I realized that we're wasting so much human potential on these systems which are not helping all students even have access to what they're capable of.. I decided I wanted to go into education, literally, sort of, for that reason.. Now I'm going to jump right into a key lesson.. We're gonna jump around a lot, so hopefully you'll hang on to your seats here.. When I looked at education, the first thing that I found was a lot of companies that were failing.. A lot of companies that were going into K-12 EdTech and were not succeeding..

And I think I had a unique insight as to why, and I think it applies to any kind of business that your creating for businesses.. Any kind of B2B business.. To understand that, let's talk about what a traditional B2C strategy looks like.. This is the 'Crossing the Chasm' strategy, which is you find an idea, there's a lot of people that you think it'll solve a problem for, whether they know it or not.. But you have to validate your ideas; so you go and find some early adopters, you build your prototype, you get feedback from them.. You reach critical mass with your early adopters.. You leverage that critical mass to achieve economies of scale that allow you to lower your cost of customer acquisition, and you grow, and you win.. And your Facebook, or whatever.. That's sorta like the strategy.. Pretty much, it's Silicon Valley lore, or law that this is how you start companies..

This is what you do.. My experience at Yammer, and when I looked at what happening at K-12 EdTech, showed me this strategy does not work when you sell the businesses.. It doesn't work at all, because it's not about finding a problem to solve.. It's about finding problems to solve that people already understand.. That they already understand it's a problem worth solving.. In the consumer space, it's a totally different thing because the barriers of entry are so low, because it's easy to create something small.. But when you talking about selling to an institution, to a business, they make decisions based on the needs they have today.. So let me give you a concrete example of this.. If you walk into a high school or elementary school throughout America, there's a very high percentage chance, in 2018, you're gonna see teachers that are handing out paper

assignments people are filling out, and then they're grading by hand.. That's how that works..

And that's been happening for 100 years, and it's still happening.. So many entrepreneurs walk in to schools today and say, "This is madness.. It's 2018.. We can digitize this." This is better for students and teachers.. It'll increase accuracy.. It saves time.. It's, "Wha, I gotta solve this problem." There are a thousand people trying to solve this problem in K-12, and it's not been solved.. Why is that? Teachers don't want it solved right now.. They don't see it as a problem.. You can't force them to see it as a problem..

They're not gonna buy it.. At a larger level, one of my big theories, as I looked at K-12.. And this is one of the ones I want you to take away, is this idea that when you're talking about a solution to change the world or start a business, there are really two types.. There are bridges and islands.. Let's talk about what an island is.. I'll give you an example that'll make this clear.. People look at the education system, and I'll use these examples because I'm in that system, people look at the education system, and they say it's totally broken.. It's so complex, it's not helping students.. And, it's really hard to change.. So I have all these ideas! I want project-based learning, and competency-based, and I want social/emotional, but it's too hard to do in the old system..

So what people do, is say, "I'm gonna do it elsewhere.. "I'm gonna go off and find an island, "or I'm gonna start my own school.. "I'm gonna start my own private school or a charter school.. "I'm gonna prove what's possible." Their belief is if they can prove what's possible and that's better, the world will change.. And that is the misconception.. That is one of the cardinal mistakes of Silicon Valley.. That is not how businesses, or institutions, or the world changes.. Now, these islands are incredibly important because it is true we need exemplars.. We need to understand what's possible.. Islands create demand for change, but they're not the supply of change..

To create supply for change, you have to create bridges.. A bridge is a thing that starts where you are today, where your customers are today, but it goes to the island.. I'll get to what we're working on, but I had to decide, as I went into K-12, did I want to build an island or a bridge? There's value in building either island, or bridges.. If you want to start a company, you have to decide which one you wanna do.. If you want to join a company, you have to understand where they are.. How do you know if you've built an island or a bridge? If you have to educate your customer about the problem you're solving, it's an island.. It's not a bridge.. Earlier I talked about the B2C strategies where you leverage economies of scale to reduce your cost and acquisition.. It's very tactical, but that's how it works.. In B2B, if you go after your early adopters; you are not gonna get the signal as to whether you're solving a problem they understand..

And the moment you go to sell your product, your service, or your solution into the middle of the market, your cost of scales will sky-rocket because you have to educate them on the product.. What I tell people, especially if you want to solve big problems, you can build islands.. And there is value in islands.. But if you want to do something in scale, you have to go after the middle of the market right away and find problems that they understand, but you don't have to spend time or money educating them on.. Now, you may be aiming at a bridge.. Or an island, I mean.. You may be trying to get them somewhere else.. The challenge is how to scaffold them, one step at a time, to that point.. This is how you know whether you're building a bridge or an island.. When I went into K-12, I saw a ton of islands..

I just saw island after island.. I saw a lot of really awesome private schools, and charter schools, and district schools that were doing things that were having meaningful impact on the students that they were helping that had a broad set and a deep set of academic skills they were teaching.. Plus social/emotional.. Plus cognitive skills.. And yet I knew that just the existence of those wasn't gonna help them scale.. The traditional district schools, of which, there are 130,000 in this country in 12,000 districts with 15 million kids, are dealing with today's problems.. People don't buy the future.. Businesses don't buy the future, in mass.. They buy the present.. And your challenge is to find out how to scaffold them to the future..

Answer yourself that question.. Do you want to build a bridge or an island? I decided I wanted to build a bridge this time.. Because I wanted to see something at scale.. I wanted to create the conditions that were gonna allow schools to change, but I'll get back to that in second.. I want talk a bit about how I did my research, because I kinda stumbled into it.. This wasn't a genius thing I did right out the gate.. But I think it's something I accidentally stumbled into that I think is a really good model for how to understand an industry that you may not fully understand.. The first thing, this is very important.. Silicon Valley has a horrible history of arrogantly going into new industries or industries it doesn't understand with incredibly surface-level insights that are really not that meaningful, and starting companies that then fail.. And angering the people in those industries who see this as arrogant problem-solving..

Or worse, only solving problems that apply to a narrow set of people.. There are so many opportunities to solve problems.. There are so many problems worth solving that are outside of your realm of understanding, and if you take the time; you can understand those industries, you can understand those people, you can understand those problems, and find huge opportunities.. So what I did was, I started by just talking to people.. The one superpower I had after I sold Yammer was everyone would return my phone call.. That was my superpower.. I could talk to senior people all across education.. I started by saying, "Hey, my name is Adam." I said, "Here's the thing, I sold this company, whatever.. "None of that means anything." I would tell them.. And then I would apologize..

I'd say, "Look, I'm from Silicon Valley, "but I'm not here to tell you I know how to solve problems.. "I'm really here to learn from you "because you know this better than I do.. "Will you help me understand education? "Help me understand the system.. "Where are the problems?" And I spent about six months talking to.... The first set was over a hundred people.. I'd say, "Who else should I talk to?" Just asking them questions, taking notes.. I never attempted to interrupt them with, well, here's what I think.. I think the problem is learning isn't fun, so we need math games.. I just asked questions and I just wanted to understand.. Then what I did, I realized I had done this for about six months, and I had taken so many notes..

Hundreds of pages of notes.. I said, I'm beginning to feel like I'm sensing a bigger picture.. Like a model of the system.. I began to write that model down.. And then I would, on my next set of calls, for the next four or five months, I said, "Okay, listen, I've been talking "to hundreds of people across this space "and I think I'm beginning to understand it.. "So instead of just asking you "to tell me about the system, "what I wanna do is I'm gonna tell you "what I think I've heard, "and you tell me where I'm wrong.. "Because I'm assuming I'm wrong." I began to then sort of reflect back to them what I had heard, and they would tell me, oh, you totally missed this particular actor in the system.. Or this tension, or this constraint.. And so, they would give me that back.. Now what this allowed me to do is only incorporate new information..

It allowed me to take a poor model and improve it over time.. I wasn't just collecting information anymore.. I was really constructing a whole model that would help me understand where there were gaps.. When I knew that I was on to something.. When I knew that I understood the system well was when I could get on the phone, over and over and over, say, "Let me explain what I think I've heard "and you tell me where I'm wrong." And they would listen and they would say, "Oh, you know, that's really interesting.. "I hadn't thought about that." There was fewer corrections.. Then I was like, okay, I can talk to experts in the industry and they're correcting me less.. I understand this better now.. It was through that process, essentially, that I came to understand enough to find the solution that we're solving.. So, real quick..

I don't wanna spend too long on this.. I found the craziest problems in K-12 that I kinda wrote here.. It's hard to explain that you won't believe me because what I found again, insanely enough, is that 90% of the people in Silicon Valley who start K-12 companies have this misconception that K-12 is classrooms.. That the way to impact K-12 is to go and do things in classrooms.. Now, classrooms are obviously really important.. That may even be a confusing statement to you because what else is there but classrooms? What I discovered talking to district leaders, school leaders, policy-makers, funders, is that over 50% of decisions that impact individual students outcome are made outside the classroom and cannot be made by that teacher or student.. At least 50%.. It's completely madness.. So, all these people are creating.... There's a thousand math curriculum solutions and a thousand classroom managing solutions..

And they're pushing at strings a little bit because so many decisions about how students are grouped or labeled, how resources are divided, who has access to what, how they are marginalized and put off to here or there, have more of an impact often than who their teacher is or what their classroom is.. That's a controversial statement that I was able to reflect back to the leaders of schools, and have them say, that is absolutely correct.. You understand something now that's unique.. Through that process I learned that there is a established process that every single K-12 school does, the entire country, whether they're large or small, urban or rural, or elementary, middle, high, or district, or charter, or private, that they call master scheduling.. Does anyone know what that term means? Really? All right, one person.. It's not calendaring.. It's ERP for schools.. It is the way in which all change enters school.. It is the way in which, if you have a program idea, you wanna teach STEM, you wanna introduce a new equity initiative, that will be done through a master scheduling process that takes six to nine months, senior leadership of the school in the district, hundreds of hours.. I found this entry point that they understood..

It was a true bridge because I found that I could call any principal or district leader in the country and say, hey, I'm working on master scheduling.. And they'd say, oh my god, we have to talk.. I don't have to educate them on the problem.. Now I'm building a bridge because I want them to change dramatically from where they are.. But I realize I have to meet them where they're at.. So, that was sort of my process that led me to this.. I can't tell you the number of times I've talked to senior district leaders in the country who say, "How did you find this? "You didn't even come from this space." I approached it with humility and I just asked a lot of questions, and I tried to make sure I didn't start until I had something really meaningful to give.. One favor I'll ask from you is don't waste people's time.. Don't try to create companies doing things that it turns out nobody really needs or asked for.. I get that we're supposed to be contrarian, but understand who you're trying to help first..

Make sure you're doing something meaningful to them.. I gotta move even quicker, 'cause I wanna get to questions, but we have time.. Part two is how do you evaluate whether this is a good idea or not, and how do you approach even validating that idea.. Years ago, even when I was at Yammer, back when Ravi would send me people to talk to and say, "Is this a good idea," I had this particular framework that I would use to evaluate ideas.. The framework is basically that a start-up is nothing but a set of hypotheses.. It is not one hypothesis, which is, is this a good product or not? Is this a problem? That's one hypothesis.. It is many hypotheses that I break into four categories.. The importance of these four categories, and the importance of this list is that when you're evaluating an idea, you have to look across these things.. It can't just be a good idea.. It can't just be able to make money..

It has to do a lot of things.. And when you're starting a company, your job is to validate these hypotheses as fast as you can.. I'll get to what the common mistakes are.. Let me explain what some of these are.. Value.. Who is this valuable to? What types of companies are people? What rolls within those companies? What types of problems do they have with or without your

product? What are the current solutions they find valuable? How valuable is it to the other things? Now, the point of distinguishing these questions is that you can often validate these without even building a product.. I talked to a gentleman once who had a not very good business idea, that was gonna help people negotiate when they were buying a car.. I just didn't think it was that great of an idea.. He was gonna build this whole product to validate it.. And I said, "Why would you do that?" "To validate whether it's valuable, "go outside car lots and just start talking to people..

"And post paper that they can call you, and you'll do it.. "See if anyone cares, don't build a product." There's so many ways in which you can isolate hypotheses and test them.. That's absolutely what you need to do to start a company.. This is value.. Modernization.. Who is the buyer? It is different from the user? What is the buyer interested in if it's not the user? How much are they willing to pay? How is this priced and packaged? Pricing and packaging, one of the most underrated areas of business success, 100%.. We hired a new head of sales at Yammer.. Our revenue tripled in a quarter without changing the product.. Just through pricing and packaging.. So many entrepreneurs start companies like, I gotta product, I just priced it..

There's so much creativity to be had there, and there's so many ways to test it without building a company or product.. While you're building your company, the point here is that you should be deciding which of these your looking at, and only working on it long enough that you understand the answer to that question and moving on to the next one.. Which I'll get to in a sec, but.. Distribution, which is easy, you know.. Where are the buyers? Where are the users? How do I find them? How do they find me? What's the cost to get them? What rate can I hire them? Can they invite other people? At what rate? There's all these questions you can answer independently.. Then the one I sort of made up that is a little different, 'cause those seem obvious, is what I call friction of value.. Every product, or service, or whatever is some form of behavior change you're usually asking for your customer.. You're saying, you're doing something, do something else.. And there's friction in behavior change.. There's friction in having them trust you, or sign up, or give you data, or whatever it is..

Oftentimes, you have something of tremendous value, but the perceived value is too low compared to the friction to get that value, if that makes sense.. There's so much testing that can be done here.. There's so much innovation.. What I find over and over, in fact, just to go to this slide about the common mistakes, is that people think success or failure is on the idea of the product.. I shouldn't name this company, but one of the competitors of Yammer, which launched at the same time, was this other founder's a direct competitor.. We did the same thing.. We marketed the same way.. And this founder was a really good product person, and really believed in value, in product, and product features.. And just invested heavily there to improve the product to make it better.. Made a great product..

We crushed them.. We crushed them because it turned out, just great product isn't enough.. It's also about distribution, and friction of value, and all these other things.. We said, okay, we need to build the value hypothesis to answer that question to a minimum bar.. And then we gotta go to other things.. Now we're gonna invest in distribution and customer acquisition, and monetization, and so on.. This huge mistake people make is going into diminishing returns.. Is saying, oh, I'm not getting enough users, I'm just gonna keep making the product better.. That's not how this works.. If you're not getting enough users, figure out why that is..

Don't rabbit hole on particular hypotheses.. Make the list of questions, and the moment you have even a poor answer for one of them, move on to the next one.. 'Cause you gotta get through all of them.. You can have an amazing product.. You can answer 2/3 of the questions, and still fail.. Decide the priority of those questions you need to answer, how easy or hard they are to answer, how critical is it to know the answer, what is an acceptable answer, or you'll give up the product.. That's the kind of strategy behind companies that I think are important to develop.. As you get a little further along, I put this up, it's like a complimentary framework.. Now that we're building our company, Abl, we have a slightly different set of categories we think about.. Mostly around product priorities..

We have years of work ahead of us in this problem.. We could be working for so long.. We have to decide what to work on.. The first thing we do is decide by quarter, or whatever, what are our priorities? Is growth, retention, monetization, margins, reducing our cost of sale, or our cost of goods sold.. Then what we do is we take all the features we're working on and say which bucket to we want to put 'em in? We rank these, and the first bucket it applies to, we put it in that bucket.. Anything that applies to two buckets, we put in the top one.. That's important because the same feature might apply to growth and retention, but you'll build it differently, depending on what you're going for.. That's really important 'cause you're trying to minimize the amount of effort on every thing you do, or build, or work on.. For example, a growth feature for us could be very shallow because we're just trying to discover whether there's interest for them to buy it.. They're not gonna use it yet..

A retention feature is one where they've already bought the product, so we have to go really deep on that feature.. A monetization feature could be one that allows us to charge more, specifically.. Obviously, a margin feature's one that makes it cheaper for us to onboard customers and things like that.. This is how we sort of prioritize now.. I'll pause there.. I have one last thing, and then I'm gonna take questions.. But any questions about any of that real quick? Okay.. Last bit, and then I'm gonna take questions.. I sort of threw this in here.. It's very different than the other categories..

You heard a little of my story.. Clearly, if you wanna get rich quick, don't go into K-12 EdTech 'cause it's a tough market.. It's a tough industry.. There are a lot of opportunities there to make money, to create large businesses, but it's a harder slog.. If you wanna make a lot of money, you can make scooters on the sidewalks and they make a lot money, and they're great..

They're good for the world, obviously.. When I went into K-12 education, I did it, not just because I thought there was a successful business to be created, but I wanted to actually have an impact on students and schools and equity.. I went into this social enterprise with the idea that you can create a successful business and do good.. 'Cause that the whole idea of social enterprise.. You can create a successful business and do good, but the misconception is that there's no tension between the two..

The same can be said about building a great company.. I once had someone ask me, 'cause I care a lot about the values of our company.. In our company, we value equity, for example, obviously.. There's things we do to create a more inclusive environment where on a weekly basis, we do communication exercises together that actually we stole from what elementary schools are doing today.. 'Cause we're investing in these things.. Somebody asked me once, "Is there any proof that having values "that are aspirational help you be successful?" I had to be honest with them and say, "Not only is there no proof, "but there's only counter-factuals there." Look at most successful companies.. They're not the ones that express the highest values.. So my answer was, "If they're truly your values, "then you'll be willing to fail in order to maintain them." That's what it means to have values.. There are a lot of people I know who their values is to make money, and that's fine.. That's totally fine..

There's a lot of reasons for that.. For me, I wanted to enter with eyes wide open.. If I was trying to build a better company and I was trying to do some good in the world, it is important to, again, recognize that you're gonna feel that tension, and you have to decide ahead of time, how much that's worth to you.. Whether it's worth succeeding, despite your values.. It's so complicated because there's a lot of laterism where you can say, well, I'm only compromising now, because once I'm successful, then I'll be able to do the good things.. I don't think later ever comes most of the time.. I certainly hope a lot of people will want to start social enterprises.. If you do, talk to me about it.. I think there's a lot of interesting things in terms of how funding distorts social enterprises.. There is a tension between building a great company, doing good things, and making the most amount of money..

There is a tension.. That's all I'm saying.. I'll conclude this real quick with, really understand what drives you, understand where you come from, understand what makes you unique, what your mission is, and stick to that.. Decide if you wanna be an island or a bridge.. Or work at an island or a bridge.. By the way, there's value in both, and at some point in your career, you should work for an island and a bridge.. Because the perspective is totally different.. I think Yammer was actually more of an island than a bridge.. Approach with humility.. Do not do the cardinal Silicon Valley sin of thinking, I was a kid once, I know school! It was boring, I'm gonna make school fun..

That'll fix school.. Please don't do that.. One of the last things I wanna mention is if you're really passionate about solving problems and building things, don't necessarily start a company because you, as the founder, don't get to build the product or solve the problem.. Your job is to build the company, and to support the people who will do that work.. You, are gonna be, in the beginning, IT, and HR, and dealing with insurance, and supporting people in their growth, and helping frame problems, and trying to relinquish the power to the people who are actually on the ground.. I often tell people, there's this sort of religion about starting your own company.. That's the only way to solve a problem.. But if you really wanna solve a problem, go find someone who you can help who's solving that problem.. You will get to spend more time solving that problem doing that, personally, than if you just start your own company.. I'm not arguing against starting companies..

Obviously, I did it, even though I didn't wanna do it again.. It's just a pitch for trying to find other people who are solving your problem.. Lastly, again, recognize the tensions between your values and the current path you're on, and the problems that you wanna solve.. That was a crazy whirlwind tour that we sorta covered a lot of ground.. I dunno if it was what you were hoping or expecting, but it's too late to change.. Is there any questions about any of those things? Sir? - I have a question because I've thought about education.. I'm interested to see what made you wanna choose education.. I know you said it's about the inequality, but you also said it's a difficult thing to fix.. - Yeah.. - 'Cause I've also thought that, in 1960's collective bargaining rights, teachers' unions created bureaucratic inertia, where it's hard to explain to teachers that we need to do something new, when there's no risk to them doing the same way they're doing it..

How long did it take you to assess how hard the market is? And then, what made you decide you're going to do it anyways? - Yeah, the question is why I went into education given how hard it was, and how did I assess that it was hard.. But I also wanna comment on inherent in your question was a lot of assumptions about the education market that sound like the things I read sometimes, which it is so much more complex than.. Part of the humility of it is, I realize that anyone who tells you they understand what the problem in education is, does not know the problem in education.. 'cause there is no one problem.. It is a complex interdependent system with a lot of problems, and a lot of people who have to work together to solve it.. There is no one problem.. I decided to go in it only when I discovered that I found an entry point that I believed had economic viability in the middle of the market.. Not for early adopters.. I said, oh, I found a problem that not only helps me radically change schools over time, but they'll buy today, wherever they are in the spectrum.. If the school wants to be radical innovators, they'll want this product..

If they're regressive, they'll still want this product 'cause it addresses a current pain point.. I did not decide to start a company until I had discovered that kind of problem.. Any other questions? - In the beginning, somebody said you captured the hearts of workers.. How did you do that? And how did it help you build a successful business? - The question is, how did I

capture the hearts of my workers, and how did that help me build a successful business? My background, again, was not one of success in school or in business, and I felt incredibly privileged to be there.. To be at Yammer.. To be with the people I was with.. And I felt honored that these quality people were willing to work with me.. I felt totally comfortable hiring people that were smarter than me and empowering them because I didn't think I was that smart.. I didn't feel insecure about that.. And, on top of that, I think, I saw the world slightly differently, and I spent a lot of time thinking about what are we really doing here..

How does this really help people at Yammer? How does this really help people? What are the macro changes? So, I think there was a combination of contextualizing, putting words to changes that were happening in the world.. Sort of having a vision, if you will, that people could buy into and say, that is unique and insightful, and something that I want to get behind.. Then I think, partly, it was not being an arrogant leader that's like, follow me, I know what we're doing, I'll just beat you into submission.. Being more humble and realizing that we're in this together and we get to do this together.. We get to find the people who are smart.. We get to identify problems, and solve them together.. I think it was a combination of all those things.. We found amazing people.. They found amazing people.. We address problems when we saw them..

We had a culture of iteration, and sort of systems-thinking in terms of, don't keep quiet if you see a problem.. Let's solve it.. Let's keep going, nothing is final.. Let's keep iterating.. That's my hindsight view, but I'm sure my employees would maybe answer differently.. I dunno.. - You mentioned that for four to five months you were just trying to find the problem.. - Yeah, for years.. - My question is how do you stay persistent in the face of uncertainty when you don't even know what the problem is? And how do you keep on going after it? Is it the internal validation that you think there is something there? Or what made you stay persistent? - Great question.. Question is, how do I stay persistent going after this problem? It was two things actually..

One, I actually wasn't looking for a company to start.. So I didn't feel that pressure.. I was actually looking for a problem that needed solving, and if it was somebody else solving it, I woulda joined that company.. That allowed me to say, where is this real? I'm gonna apply myself to something for the next many years, I don't wanna waste my time or their time.. It's gotta be something that I feel like I'm aligned to solving, it's a real problem we're solving that I care about.. So, that was one.. But two, personally, the inequity that I came to feel and understand in the world made me very angry, and the anger drives me.. Sometimes when I feel the tension between trying to make money and trying to help schools, I allow that anger to drive me.. I allow it to help me persist, even when it's not fun to do so.. Anger is often a bad word..

It's not like I yell and express anger.. But I feel that anger, and that anger makes me wanna do more, and not give up.. Way in the back.. - What's your experience of finding the people to work with at the very beginning of your startups? And after that, what characteristics, what values were you looking for? What how did you quiz the probability of meeting such people.. - The question is how did I find early people? What characteristics was I looking for? One, a big one was people that we were values aligned.. That's so key that we were passionate about the same problems.. Not people who we had the same experiences, but people we were passionate about the same problems.. From a characteristics standpoint, I think the most important for me was a sort of humble problem-solving attitude.. Humility is actually frowned on in Silicon Valley a lot, and you can build a very successful company based on ego and competition.. But humility, to me, is all about a learning mindset, a growth mindset, and the feeling that we as a group can provide direct and honest feedback, and no one's gonna take it personally..

We're here to support each other's growth.. So, that's two, then, obviously, people who are good at what they do.. Frankly, I think an equal balance of those are critical.. When I started Abl, I went a little further, which was... I mentioned in the very beginning that I really, really valued diversity of thought.. I'll tell you another secret, which is we sold Yammer for \$1.2 billion.. We had 500 employees that had worked untold man-hours on building Yammer.. And I asked myself a simple question.. Which was, of all the hours that we put into working on Yammer, how much of it actually contributed to that \$1.2 billion? And the answer's like, maybe half.. Maybe, you know? How many features did we build that didn't really matter, didn't really value customers, didn't add to the value of the business? So I had to ask myself, well, that's my failure because I was running engineering product analytics..

I certainly thought I knew what to work on.. And I was hypothesis-driven.. I was like, "Let's test something." The conclusion I came to was I had too narrow worldview.. There were boundaries to what I thought was possible, or achievable, or may be beneficial.. What I should have done was left room for people with completely different views than me to come in and say, you're gonna disagree with this, but I think we should try this.. Because, clearly, I didn't get the full benefit out of the people that we had with the time that we had.. I did the best I could.. So, when I started Abl, I made a very, very conscience point to bring on a lot more diversity of point-of-view.. That took a lot longer, I think has been very beneficial.. One of the ways that it is forcing us to be, I think, a better company is; it is very easy to hire people who grew up in similar places, who talk like you, who have similar communication styles because you can just quickly norm and go..

But you're, of course, lacking that difference of experience that leads to different ideas.. When you bring together a group of people who have different backgrounds, different communication styles, it turns out they're probably not training many people here how to deal with that situation.. What do you do when you're talking to someone who communicates very different from you? Maybe you have a very calm and passive way of dealing with conflict, and maybe they have a very emotional way of dealing with conflict.. Neither of those are right or wrong.. Most people don't know how to communicate

across difference.. So, for us as a company, we've had to work on how do we communicate across difference, so that we capitalize on the differences so that we can get the most out of that.. I think that's been a very powerful part of something I'm doing better now than what we did at Yammer.. - From your first businesses that you set up that failed, was there any lesson that you learned, or anything that, in light of those initial failings, that you were able to tweak in your more recent startups to have success in those? - Question was, what did I learn from my early failures? Those early companies actually were very good cultures and I think early on I learned some of those lessons about humility and vulnerability and really building a company where everybody is passionate about being there and being together.. That was an early lesson that was kept.. I don't know that I had any theories in the beginning about how to start a company, or about how to solve problems..

It was 1995, and any idea looked good for a couple years.. I think it was in retrospect that.... Here's what I can tell you.. After I went and failed that company, and then ended up working at other engineering sort of roles, I was very suspicious of the dogma attached to particular methodologies.. Because I had had enough experience to know that a lot of engineering methodology, product develop methodology, company design, is actually designed around helping poor companies run well.. It's like, we've already hired people who don't trust us, and we don't trust them.. So how do we have a system that works in light of that.. So there were so many systems and processes that I saw that were designed to handle mistrust.. As opposed to systems and processes that are meant to create transparency so that people have alignment and know what they're doing, but have assumed trust.. So, I remember leaving my early companies feeling like, wow..

We still needed process, and I'm a big believer in systems and process, and organizational structure as a means of achieving goals, but you design them totally differently when you're designing them on the basis of trust versus on the basis of, ah, I've just hired all these people, and I have to make sure they don't mess up.. I think that was a key early lesson that I took with me.. I think we have time for very few more.. Sir? - One thing I picked up from this conversation presentation right now, is there's a big focus on priorities.. I want to find out from your perspective in terms of how those priorities were developed.. Where they developed internally? Or do they come from external pressures? - The question's priorities and how we develop them.. I actually think priorities are, in some ways, easy when you come up with the framework through which you prioritize.. I think a mistake is saying we got all these things we could work on, let's just prioritize them.. Early days in Yammer, we were missing the friction of value, but we said, look, to be successful, we need users.. We need to grow..

We need them to engage, and stick around.. And we need to make money.. But frankly, in the first days, we actually just needed users, because we could worry about the other two later.. We had a minimum amount of engagement that was sufficient.. For a year, we did nothing but work on features that would increase growth.. So that made it really easy and someone would say, ah, we have all these users, and they're asking for this feature.. We'd be like, is it gonna help us grow? We're not working on it now.. Or, can you think about it in a way that helps us grow? Or maybe the idea is great, and we'll only work on the parts that help us grow.. And it's very painful to take that long view, because there's so much you just wanna do.. Again, I go back to identifying what the hypotheses you have to prove are..

Prioritizing those somewhat subjectively in terms of what is the thing that has to be true to be successful here? And what is the thing I'm most unsure about? I need to validate that.. I need to focus and validate that.. I can't do too much at one time.. We're resource-constrained.. And I only need to work on that, actually one thing, it was mentioned here, but I highly recommend you Google Sliders Krisgale.. K-R-I-S-G-A-L-E.. He gives a talk on prioritization that was very short, but it's really, it was really impactful for us.. We talk about this a lot.. And it's a way of thinking about only prioritizing things that are the lowest sliders, they call them.. The most pressing..

And only working on them until they're no longer the lowest slider.. He described it better than me, but I highly recommend that as well.. (audience applauding) (light music) - The Entrepreneurial Thought Leader Series is a Stanford eCorner original production.. Supported by the Venture Capital Firm, DFJ.. The stories and lessons on Stanford eCorner are designed to help you find the courage and clarity to see and seize opportunities.. Stanford eCorner is lead by the Stanford Technology Ventures program and Stanford's Department of Management Science and Engineering.. To learn more, please visit us at ecorner.stanford.edu.. (light music)..