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Transcript

- Who you are defines how you build.. (arpeggiating synth music) - We're really excited to welcome Alexi Robichaux to ETL.. Alexi's the co-founder and CEO of this really cool company BetterUp, a mobile-based platform that brings personalized professional coaching to employees at all levels.. BetterUp uses evidence-based assessments and machine learning to match employee to coaches who can encourage lasting behavior change.. Now, prior to BetterUp, Alexi was the director of product management at VMware, leading all product and design teams to build enterprise collaboration software.. Most of you know VMware.. He's also the co-founder and chairman of the Youth Leadership America, a non-profit that fosters peer-to-peer leadership development and civic engagement for high school students, and I think he actually started this when he was in high school as well.. This is an amazing nonprofit that he got off the ground, and he earned a BA in political science and nonprofit management from the University of Southern California.. Welcome, Alexi.. - Great, thanks, man, really excited to be here..

- How you doing today? - [Alexi] Good, how about yourself? - Good, I'm doing great.. You and I've got a really great Q&A session and dialog to go, so let's get into it.. So, the origin of your story and why you built BetterUp, and I'm really quite impressed with your really focus on preventative mental health, which is an often-overlooked area.. But from what I've read, it sounds like BetterUp came out of you connecting the dots between some really diverse interests and experiences.. I'd like to know if you can give us a short, compressed version of that, the origin story, how you connected those dots to find a venture that felt meaningful and important to you.. - Sure, no, thanks for the opportunity.. I'll keep it short, 'cause the origin really does actually go back to high school for me.. I find that I've been extremely fortunate, and it felt like I was stumbling, but eventually stumbling upon a venture or endeavor in life that really combined what had emerged as two great passions and sustained from high school, and the first chronologically was actually programming and coding.. We moved to England my freshman year.. It's a rainy place, if you haven't been there..

It was dark at four p.m.. half the year, and my little brother and I basically picked up web programming, HTML, PHP, ColdFusion was still a thing back then, ASP, and started making websites for my dad's friends' companies, and when we came back, through that, I started to get involved in some other school activities, and I had a buddy who had this idea for an after-school club where we essentially would do peer-to-peer coaching on what we called at the time "life skills." He had been reading a ton of Steve Covey and Napoleon Hill, Dale Carnegie, some of the classic self-help literature, and was disenchanted.. He had founded the Kiwanis Club at our school, or the Key Club, and was disenchanted with, loved volunteerism, but just going to conferences and hearing speakers and not being able to put this stuff into practice.. And so, they needed someone to build the website.. So I got looped in.. I helped work on the website, helped start this organization that eventually would become Youth Leadership America, and that just ignited in me this passion for this whole world of helping people realize their potential and the power of coaching and membership and practice.. So fast forward, I ended up in my career following the first passion, and ended up in Silicon Valley doing software, was very fortunate to join my first startup Socialcast, and we were fortunate enough to get acquired by VMware, and I became a very young executive at VMware, and was really, I think, at the time, I was probably 26, at the most.. I was pretty over-tasked and under-skilled, I would say.. It was a huge opportunity.. They were integrating a couple different acquisitions..

They were trying to build a social enterprise team.. I was helping to lead product and design for that, and I learned a ton during the integration in 18 months, but I also got extremely burnt out.. I remember driving down from SF to Palo Alto for

these executive meetings with CIOs of some of the world's largest companies and the CEO of VMware, and just being completely nauseous, overwhelmed.. So I eventually hit a point where I was like, "Hey, this isn't a great headspace for me.. "I need to go do something else." In Type A fashion, I joined a YC company the next week and went into Y Combinator.. So I was not in a great mind space to do that either, and suffice it to say, was a little overwhelmed and burnt out and was able to take some time off and figure out what I should do next, and I kept coming back to the kids and coaching them and came back to this insight of, they have me helping them through their life transitions, which is like college apps or first join, resume building, first breakup at that age, and I was going through something significant in my life, and I didn't really have anyone to help me.. I could call my parents, but they live in Dallas.. A lot of the stuff in Silicon Valley, while they're empathetic and supportive, they didn't have the context for.. And so that started me in finding help, and I didn't know what that was.. So I tried everything from coaching to therapy to life coaching, executive coaching, the Landmark Forum in Los Angeles..

I walked the Camino de Santiago in Spain, and really was at this tension of, I kind of want the evidence-based scientific rigor and expertise of a clinician, but I want the business context of an executive coach, and I felt pulled, like I had to pick between the two, and I eventually found a coach who was a therapist by training, who did executive coaching.. And it was game-changing, and that was the seed of the idea for BetterUp.. It just kind of hit me, of like, "How did I miss this? "We should be doing what we did "for these high school students, but upgrading it.. "And if we did this," I had also been geeking out on this positive psychology, "this would really be "the missing equation in mental health today," which is there's not a powerful preventative layer.. Most of mental health is secondary healthcare, and we're not actually helping people preventatively develop the skills that buffer from anxiety or depression or stress or high blood pressure or all these things I have experienced.. And so with that, I pulled in my buddy Eddie who had been building a nonprofit with me, had went to undergrad with me to USC.. He was at Haas, your friendly rival, doing his MBA there, and he had a lot of conviction around social enterprise and EdTech, and we had already been working together.. So, we just starting hacking on what I was pretty convinced would be one of the coolest products I'd seen and potentially the world's worst business, and went nowhere for two years, as I like to say.. So yeah, (Alexi claps) that was the story, and we could pick up on the rest later.. - Wow, sometimes, you know what, the most inopportune times become the most amazing opportunities, if you pursue that..

It seems like you had the vision and the drive and the passion to do that.. So let's talk a little bit more about what BetterUp does.. Broadly speaking, I know it's professional coaching, but you put a number of really novel spins on that concept.. This is not an easy space.. Lots of businesses are looking for stuff that's gonna accelerate their revenue or cut cost out of their P&L.. So this is a big challenge.. But you put, as I said, some really novel spins on that concept.. So just share what your mission is and really what's been unique about your approach and how you were able to crack some of this code here.. - Yeah, no, thanks for the opportunity.. So the mission of BetterUp is to help people pursue their life with greater clarity, purpose, and passion, and I think if you are a Maslow head like I am, the simplest way to think about that is, we're really in the business of helping to foster and facilitate what he would have called "self-actualization." How do I help people increase their wellbeing and increase their potential and their performance? So at the bedrock of BetterUp, and I think one of the things that was really unique when we were coming into the market, was a pretty opinionated and I think fundamental belief in what we call our "whole person approach," is that if you are a professional, and you are hurting on the inside, that is going to affect the outside..

And so, this divide we have in business today between "Hey, it's the job of benefits "to take care of the health and wellbeing of the employees, "and it's the job of talent development "or the line of business to take care of the performance "of employees," is an arbitrary, budget-driven divide that has no grounding in anthropology, psychology, or anything we know in the past 80 years of the human sciences, and if we really wanna drive performance, the means to do that are not very different than if we really wanna drive flourishing or thriving interpersonal life.. In fact, some of them, especially as we increase in a knowledge economy and a creative economy, the skills that matter most are social-emotional in nature, and these are the same skills that build strong romantic relationships in some ways, strong work relationships, strong relationships with yourself and your own feelings.. And that doesn't mean they can't be hard, or hard-hitting.. In fact, what we find is they are the secret sauce, the hidden lever to reach layers of productivity, innovation, and creativity that you really can't just do with hard skills.. And that's not to say you don't need hard skills.. You of course need them.. But what we found, and the core belief behind BetterUp was that we were perennially under-invested in helping people cultivate these social-emotional skills, and that shows up in conflict in work.. That shows up in conflict in personal life.. That shows up in things like absenteeism.. That shows up in certain ailments..

But there's this whole range of folks who may not, like myself in my case, even though I was going to therapy, I didn't actually have a clinical diagnosis, but I still wanted to realize my potential.. I still wanted to flourish and thrive.. And fortunately, in the past 30 years, there's been a whole body of science and research and literature in how to do that.. But really, until BetterUp, to my knowledge, no one was focused on operationalizing that or bringing that to life in a really scalable, personalized way.. - Yeah, that's awesome.. So talk in more detail about the mental health aspect of the work.. So first, how do you see professional coaching connecting to the field of psychology and to mental health, and then second, how does psychological research inform BetterUp's approach? 'Cause you're doing some really interesting stuff there.. - Sure, well, I think it starts with our understanding of health, which, physical health is a better, no pun intended, mental model than mental health, because when we say mental health, what almost all of us, I would wager to guess, immediately visualize is mental illness.. But when we say physical health, you don't think of the cold, right? You think of a gym.. You think of fitness..

You think of maybe running with some friends, right? We have a concept in physical health that healthiness is not merely the absence of disease.. Healthiness is a net positive state of some amount of thriving or flourishing or healthfulness, whatever you wanna call it.. But sadly, when it comes to mental health, our mental model is pretty binary.. Mental health is the absence of mental illness, and there hasn't been as much, and I would say, look, we were doing this in 2013.. A lot has changed since then.. So encouragingly now, I think the dialog socially is changing, even in the last two months, in some really positive, generative ways.. But suffice it to say, historically, we really haven't had a robust visual definition of what does it look like to be mentally healthy? Well, what it looks like to be mentally healthy is not just to not maybe have mental illness.. It looks like to have clarity as to your values, your goal, to have a sense of purpose, we know, to care about other people, to go from self-actualization to "self-transcendence," as Maslow would say.. It looks about having an abundance of energy, right? It doesn't mean you don't have a bad day.. It looks about vitality, or zest, as we would get from some of the work at U Penn, grit, if you think about Angela Duckworth..

These are all psychological resources or attributes of healthy people.. From a business stance, if we put on our capitalist hat, it looks like more engaged, more performant, more creative, and more sustainable employees.. From a personal sense, it looks like people who are more centered, more grounded, more focused, and have a more clear sense of personal agency or power.. And so for us, that is just, wow, where was that in the world, right? So we realized that part of it was we were behind the science.. I think one formula for innovation is when science is ahead of where technology is actually operationalized, in a way.. We were behind, but there was also work to be done in the science.. So, one thing we built together with BetterUp is a group called BetterUp Labs.. So BetterUp Labs is a part of BetterUp that works with some of the world's leading researchers like Adam Grant at the University of Pennsylvania, Martin Seligman at the University of Pennsylvania, Sonja Lyubomirsky at UCR, who are really at this forefront of organizational and positive psychology, and they're specifically focused on not just productizing that, but actually furthering the research and science to benefit everyone, whether or not you may ever cross paths with BetterUp at all.. And so, they do everything from research products on our platform to research studies in the field, along this vector of, how do we increase our visual and our data on people's inner lives and the connection between the state of one's inner life and the ability to have meaningful relationships, happiness, and flourishing in the rest of your life.. - That's fantastic..

Yeah, you're hitting at such an important, huge, new area, 'cause it's usually easy to tell if someone, they're physically not well.. There's usually some optical vision of that.. But when you're talking about how someone's feeling, how happy they are, how confident they are, and really being able to change that and tap into that, you and I both know that the happier you are with yourself, the better you're gonna do in your personal relationships, the better you're gonna do in your career, the better father you're gonna be, and just the better person you're gonna be.. I think you've unlocked so much productivity value, leadership qualities, retaining culture, so it just seems like a massive area and opportunity for you guys.. So off to a great start.. Okay, a topic that's near and dear to us here at Stanford is really all about ethics and entrepreneurship, and especially reframing the role of the corporation and Silicon Valley when it comes to building new technologies and balancing profits with values.. It's really quite a unique spectrum to be working with.. But at STVP, we've been thinking a lot about how values and principles and ethics can be activated through entrepreneurship.. So would you describe the values that have guided BetterUp? 'Cause I think that to me is the bedrock and cornerstone of who you are and your entire ethos right? - Sure, yeah, so I'll say, there are canonically at BetterUp, actually, this is one of the earliest things Eddie and I had the privilege of setting, and we haven't changed them.. And it's not that we're not open to change them..

It just seems like they still seem timeless, and employees and our customers still rally around them.. There's six of them, but before I do that, I'll say they really come from three core aspirations we had in building the company that were I think kind of the holding context for the values.. And the first is I had been in Silicon Valley, and remember, this is 2010-ish, a different era, right, the era of social, a lot of different technologies, you were here Toby, were in vogue then, and we were starting to see the rise of the gig economy.. I had grown up originally in Dallas, and for me, and for Eddie, who grew up in Peru, one of our first big aspirations about BetterUp is we really wanted to create something that would be able to be accessible for as many people as possible, right? And how do we create something that appeals to people from all different walks of life, both from a diversity standpoint, yes, across factors such as nationality, country, gender, creed, all that, but also cognitively, how people live and learn.. So that was the first core aspiration, and we really wanted to make something that would appeal to someone in Alabama as much as it could appeal to most of in New York City.. And at the time, there wasn't a lot of the new technology we found that my friends in Dallas, would have felt relevant to their life, maybe outside of Instagram, honestly.. And so that was a core inspiration and aspiration that involved our values.. The second is, and this is a little audacious, but for us, I'm a big believer in what I call the old Silicon Valley, the Silicon Valley of Steve Jobs and before, where it was like, the crazy ideas.. I think Elon Musk and a few other entrepreneurs exclusively do this today, but where are the true moonshots, like literally, get to the moon? We went through a decade of great innovation, but a lot of it was around entertainment, and that's great.. I started my career at Disney, love entertainment, but for us, there was this really aspiration of, you know, one aspect of the human experience we are not innovating around is maybe the most profound aspect of the human experience, which is how do we actually improve the human condition..

And if we can actually help people access greatest levels of flourishing, then that would be the zenith of technology.. And that sounds real whoo-who and really crazy, but as we talk more, there's a whole science around this.. This stuff has actually now been figured out how to do.. Just no one's doing it, right? So that was a huge aspiration.. We didn't wanna just make something like coaching more accessible, more affordable, sure.. We actually wanted to make it better, where if you're a

coach or a therapist in BetterUp, you are more effective, you are more impactful, by using the technology than you would be in your private practice.. And then the third component of that is the opportunity to create a huge brand around making it cool and making it something that you identify with related to self-actualizing.. And so the values that came out of that were really six.. They were courage, both moral and what we all managerial courage and taking big bets, craftsmanship, we have to have a caliber experience bar if people are gonna trust us with their blind spots, their deep, dark fears, their hopes, dreams, aspirations.. This stuff can't look like a scam, right? It's gotta be really elegant..

It's gotta be really stately.. I always tell the team, when I was at Disney, the amount of energy and effort we would put into a churro cart is incredible.. But that's to sell churros.. If we're not putting 10 times that into an application where people are pouring out about their relationship with their spouse or manager, we've missed the mark.. Then empathy is huge, as you all know from the d.school.. Innovation starts with empathy.. As coaches, we're really in the business of empathy, and then zest and playfulness.. So those values today continue to really guide, oh, and grit is the other one.. Those six values continue to guide and shape the company.. - I love the zest one..

That one's awesome.. That one just, God, what an incredible value.. All right, man, so when we signed you up to speak at ETL and knew we were gonna do this interview, I did some stalking on your Facebook page, and you talk and write a lot about leadership.. It's quite inspiring.. But one of your posts that I read from a Fast Company article that you cited had a really interesting quote from Jeff Immelt, who was the former GE CEO, about leadership, and the quote goes, "Leadership is the intense journey into yourself." Then he went on to say, "We think about work "exclusively represented by outer work." What inner work and leadership qualities do you emphasize at BetterUp to help businesses thrive in the 21st century? - Yeah, no, thanks.. We try, man, we try to write a lot.. But yeah, I think that's the great misunderstanding, right, is we still operate under this very industrial paradigm, that your job is to do something outside of yourself, and of course that's a huge part of your job.. It's probably in many ways the majority of your job.. But what should be a represented minority stake in your job is that you need to work on yourself, and if you have a clear set of values, if you have a clear set of internal priorities, if you feel centered and resolved, if you are better at emotional regulation, if you are better at removing conflict in your environment or in yourself, you're going to perform better.. And this has been known for decades..

I remember in high school starting at Sears as a salesperson, and part of the sales training was like, "It's your job to have great relationships at home, "because if you have bad relationships at home, "you will bring that energy "and that anxiety to the customer interaction." This was in Sears training, who knows, maybe for 100 years, but what was missing is there's no time on the job for me to work on my relationships at home.. And so I think one thing that we've done that's innovative at BetterUp is we are very vocal about, it is your job to do inner work, and you should be weaving that throughout your day, but we actually give a day a month additionally for you to be at work, not physically be at work, but to be working on yourself wherever you need to be.. So if that's "Go take a nature walk," awesome.. If that's "Go meditate," awesome.. If that's "Get on the phone some folks "where you need to make some apologies in life "and see some resolution in some situations," awesome.. "But whatever it is, don't do outer work.. "Don't do the Excel model, don't do the finance deck, "don't work on the new product.. "Just focus on yourself." And what we've found is it's become an incredible source of energy for people.. And to your earlier question, Toby, for me, it goes back to the ethics and why a company exists, right? If a company only exists as a means of production, and the people engaged in the production are not bettered by the act of producing, then companies are, they're kind of exhaustive, right, and they're draining from their own workforce.. But if working itself can have a space where you leave energized, you leave enlightened, you leave a better version of yourself, then it's a much better win-win..

And what we're finding is, at least in our experience, you get better work from folks.. They're coming more energized back on those other days.. They're having big ideas without even thinking about it on their inner work days.. It's like they can't stop.. They're like, "Oh my gosh, I just cracked "this huge engineering problem you trying to do, "because I wasn't thinking about it for a day.. "I was just focused on something else in my life." And so we found that yes, as capitalists, we're reaping a benefit, sure, but most importantly, our employees and our teammates and our BetterUppers, they're actually finding and discovering more of themselves through their experience at BetterUp.. And that for me gets to the core ethics of why the corporation exists, and why, as an entrepreneur, you're starting a company in the first place.. - I love it, that's awesome.. All right, so you had this insane idea, have tapped into that I think's quite extraordinary and incredibly valuable for people and companies and betterment of society, but, taking an idea and actually making a company and scaling of it is one of the hardest things to do.. So, let's talk a little bit about that..

So given that values were really important to you, how did that affect some of the early decisions about how you brought on investors and board members and hired key people? What'd that blueprint look like? - Yeah, it's a great point.. I mean, that is the hardest part.. The idea turns out to be relatively easy in retrospect.. (both laughing) Doing something with it, we're still a work in progress.. We are very, very early in what we hope to be a long, 100-year-plus journey.. So I think, again, inner work's important.. You gotta be clear on your values, and you have to be vocal about them.. You are starting something, and part of the beauty in building something, and I wish I was even more courageous around this in retrospect, is you get to set the game board more than you think as an entrepreneur, right? Sometimes, not always, you'll get to pick your investors, and we were fortunate.. So I think to the heart of your question, what we did is we were very clear about what mattered to us and what we would not compromise on, right? We knew we would not compromise on the individual confidentiality of data.. So it's just not gonna happen..

In fact, Ryan, our CTO, joined me from VMware at BetterUp on the condition we would never be an enterprise company, because we were just so convinced based on our enterprise data experience, no company would let us help their people and not want to see, "What did they talk about?" And it turns out, when we just told companies we will not compromise on that, the people were like, "That's awesome.. "We wouldn't want you do.. "We actually want that confidentiality." And so we found that same for our investors.. So as we thought about investors, we were fortunate in our rounds to really pick who we got to partner with.. Then it was a question for Eddie and I of what matters most, and what mattered most to us was the alignment around our moral mission in the world, it's the mission, to help people flourish, and that we need to be aligned to doing that in an efficacious way, an honest way, and data and science can help us have integrity there.. And so, the litmus test we used to always ask ourselves is, "Hey, if I had to show up to a board meeting one day "with a big report from our labs team "and said, Hey, guess what, we actually found out "that everything we're doing, people love, "they use the heck out of, but it's bad for them, "but they don't know that, they'll just keep paying us, "they think this is amazing, would that investor say, "We support you in hitting stop "and rebuilding the whole company?" If that investor would say, "Well, I mean, is it really that bad? "Your MR looks pretty nice right now.. "Can we just use that to fund?", we wouldn't work with that person.. So it was kind of litmus tests like that, where we really were saying, "Is this person thinking "about long-term value for the business, "by thinking about long-term helping people?" There's almost a Hippocratic lens to our business that we were able to optimize for.. So we've been very fortunate in I think just having the greatest board in the world, but I think part of that, to be fair to Eddie and I, is that we really made sure that they were aligned with our goals, not just those goals I would say from ethics, but even economically.. Eddie and I were clear from day one, we're not interested in acquisitions..

We think we need to be an independent company to have the moral agency to do what we wanna do in the world.. Our investors aligned with that, and that's a really serious conversation I have with every new investor, that this is a very binary outcome.. "We could go public one day, "or you could lose all your money.. "I don't really see a lot in between there, "and are you okay with that?" And if they're okay with that, great.. I find that just taking that time as an entrepreneur to be very crystalline and clear, it can be a little intimidating, but what you find is it's almost cathartic for the investors and the board members, and it just removes all these, "Oh, I thought you meant that, "but oh, I get now that you meant that." Everyone on the board's aligned around that.. They all know that.. - Yep, that's rare, and that's quite impressive.. So, being a recovering entrepreneur myself, every business goes through major pivots, evolution, and change along the way.. I've yet to see anyone that said, "Here's my idea," and it came out the other end exactly the same way, right? So, what were some of the early customer insights that helped shape your current service model? That's kinda part one, and then two, the elusive milestone of getting to product/market fit is really challenging.. So, I'd love to hear your thought on what you learned, what that journey was, what changes or pivots you had to make, and then ultimately, how you got into that really important milestone, being able to raise the necessary capital to scale around getting that product/market fit..

- Yeah, a lot in there.. I'll try to hit 'em all quick.. That is the hardest part.. The milestones are so hard.. Like, no one's written this down, right? Marc Andreessen's got his famous blog post and it's awesome.. I've read that thing like, 500 times, and it's like, it doesn't actually say what product/market fit looks like, though, right? (both laughing) It would be really helpful to know.. - It looks good in the article.. - It looks great in the article, and you know you need it, and you do need it.. So look, I am a big fan of Paul Graham.. If I learned anything going through YC, I feel like it's that PG's right more than he's wrong..

It's "Make something people want," right? And so, I do think that is why that YC shirt says that, because it's true.. This is what all businesses are ultimately about.. So for us, the pivots came early, right? So I shared this idea of putting a coach in the phone.. Eddie and I made a huge mistake, and I'll take credit for it.. We thought our way out of that idea.. So that's the business now, but for a year and a half, Toby, we pivoted into what looked like, in Excel, a better business model with better margins, because putting a coach on a phone does not sound like a very lucrative business at all.. It turns out, we were wrong.. But at the time, we were like, "Your margins can't be 90%.. "We better do a broad-based consumer play "and upsell you into it." So we built what I joke with our employees is maybe the worst app ever built.. It was Duolingo for life skills, and it was terribly un-engaging..

And the first, (Alexi laughs) this was from Eddie's MBA, the first module was conflict negotiation.. So you literally could do Duolingo for BATNA.. It would be like, "What is my BATNA," drag and drop.. No one used it.. We didn't like it.. No one liked it.. But in Excel, it looked like an amazing business.. So we actually pivoted out of that when we ran out of our kind of initial capital that we had put in the business ourselves, and we're like, "We have nothing.. "Oh my gosh, our whole business just fell apart." 18 months, I had pitched like, 70 VCs, got no yes's.. They were smart enough not to invest in that, and then it was like, "What can we do? "I guess maybe we should go back to this one crazy idea "I had a year and a half ago "and just put coaches on Google Hangouts "and see if people will text message them and talk to them." We were using Asana to do the homework at the time..

We couldn't even code the thing.. And so, I hadn't touched code in a decade at that point, and I was like, "I can fire up PHP, but man, "I think this is just gonna be faster "to string a bunch of stuff together "and have Ryan build a landing page." And so then we were doing direct to prosumer, I would say, it was called.. So the first pivot was out of an Excel model into really our gut was what we wanted, and that's a good first heuristic.. If you don't have a strong sense of what the market wants, do you even wanna use this, and if you don't, chances are, your friends don't.. Then what we found from our users, one of the first early insights was we did user interviews.. We only had like, 25 users in the first couple weeks.. We do these interviews, and we found that these people were going to their office, using their BetterUp coach at lunch in their car in the

parking lot.. And we were like, "Why? "Why don't you just do it at your desk, "or book a conference room?" They're like, and I still remember this line in our data.. It was like, "Well, it feels like I'm cheating." And in the interview, he's like, "What does that mean? "Why are you cheating?" It's like, "My manager doesn't know I have "this superpower behind me called my coach," coach name there, "propping me up, helping me.. "And I just feel like if they did, "they may think I'm not good at my job." And we were just like, "Whoa, they would never..

"I've been an executive.. "I never would have thought that." So Ryan and Eddie and I had to eat a lot of crow, and we were like, "Is this the world's first business," I joked, "where the user experience gets better "by going enterprise instead of worse?" "Like, maybe it would be free for people "if their employer paid, "and their employer would sanction it.. "Whoa, how could that be?" So it was like, an existential crisis for Ryan and I.. We're like, "No, no, no.. "We said we'd never be enterprise, thou shalt not.. "We can't do it." So we basically just had to go through a list of what has to be true for us to do it.. So that's one, all right.. So to the product/market fit.. I mean, I think the early indicators of product/market fit is if people are paying for something, right? Even if it's free and you're using it, you're seeing conversion to pay.. For us, that came qualitative first in just the depth of the relationships they were building..

We would see people switch companies, and offer, their new company didn't have it, and offered to pay out of pocket.. So that is where I think we really started to see product/market fit.. But ultimately, I do think product/market fit really aligns at the user and the economic buyer.. So if you're a B2B2C, you actually need multiple layers of product/market fit, which I don't think we talk about as much in the Valley.. You need economic buyer product/market fit, which is easier, are people paying for it, and are they renewing, but you also need user product/market fit, or you're doing shelfware.. So I'd say we achieved user product/market fit.. We knew we had that from the consumer experiment we had done by the time we went to the enterprise, 'cause people were paying out of their own pocket.. They were telling friends, high MPS, but the thing we had to unlock that actually took a little longer was the economic product/market fit.. What does an economic buyer need from a feature set here that is not just inherent in what the end user's getting, that makes that really tight product/market fit too.. - Yeah, that's awesome..

Well, it's so funny, when Ethan Brown from Beyond Meat last week on the show, and I know if Steve Blank's wag this, he's gonna be doing cartwheels.. To spend time with the customers yourself, not sending a surrogate out there, but working to see, and I would have never guessed that either, what they would literally use this product in their car.. - Who would have guessed that? - But spending that time with them and going through and iterating on that, look at the insights that you gained from that, that was incredible.. - Oh, we still use that insights today.. It's crazy.. Eddie and I were coaches.. Actually we used some Stanford, the coaching, the Arbuckle Fellow too.. But that's how much we were.. We're like, "No, no, we wanna be the coaches "for some of these people.. "We wanna touch every aspect of this experience "and figure out what's popping and what's not popping." - Yeah, well, that's where I would think about, I remember when I first went to SolarCity, I knew nothing about the solar industry, and I did every job as Chief Revenue Officer..

I worked in a Home Depot.. I learned how to sell a product over the phone.. I learned how to sell a product in the living room, 'cause you wanna find where the problems are, and you wanna understand where the customer's coming from.. It's hard to do that by reading a report or an email without experiencing that yourself.. So that's pretty impressive.. All right, we're getting down almost to the Q&A section.. A couple quick other questions.. So as I said, I was doing a little bit of stalking on you.. One of the more interesting things that I read was that I remember you talked about when you worked at Socialcast, you got bought by VMware, and you talked about how the integration was super stressful.. I think you said your blood pressure went up like 40 points..

- Yeah, it was something crazy like that.. - Growth equates to long hours, and stress typically, an unhealthy lifestyle.. So how do you reconcile this growth with a more healthy lifestyle? 'Cause that's the unicorn right there, right? - Yeah, I mean, it's a constant, I wouldn't say struggle.. I mean, I think you can develop skills.. I've gotten better at it.. But I really do think with entrepreneurship, the best mental model I've come across is, I mean, it's Olympic athletes or elite performers.. It's like, Navy SEALs, whatever you wanna use.. It's like, that is the equivalent of the game we're in in business, is it is about elite performance.. And when you study elite performers, what you find is that stress is okay, if it's in episodic periods and it's well-managed, right? So stress is not universally bad.. In fact, we do really well as humans under short bursts of stress..

We may achieve things we normally would not have achieved.. It's really about periods of recovery, and I think that's what we don't talk about enough, is you are actually pretty resilient and durable, and if you're an entrepreneur, you probably selected into that, because you maybe adrenaline junkies or whatever it may be.. But what you can't avoid, and when you look at and we've been fortunate to work with the sports psychologist from the Navy SEALs, some of these sports teams, Olympians, when you look at these folks, what you find is recovery is equally important and under-talked about in business.. They are not ashamed, a SEAL is not ashamed to tell you that, "I'm not mission fit on this mission.. "I'm not in the right headspace, "and I don't wanna jeopardize these people." They have a protocol for that.. They don't look down on them.. There's no machismo, "Eh, Toby." They may feel bad, but they're like, "This is life or death.. "I'm not gonna go on a mission "and jeopardize the integrity of the mission, "which could be my best friend's life, "because something I'm not managing "or something's going on in my personal life." There's no shame in that.. But in business, we don't have that.. For some reason, business is the only elite endeavor that I've found where we are A, expected to always perform and never practice..

Most elite sports practice 90% of the time and perform 10% of less, and B, if you need help and support, you're worse at the job than at any other elite endeavor, where the better you are, the more help and support you need, right? LeBron James has more coaches than any high school basketball player you've ever met.. Do you say, "Well, "LeBron's getting propped up by all these coaches.. "If he didn't have the coaches, he wouldn't do it." No, you say like, "He has so much potential, "it takes seven people and a million dollars a year "to spend on his body to realize that.. "That's crazy." But we haven't made that map in business.. So my encouragement to entrepreneurs is like, you're starting a new business.. Make the map.. Just be unashamed about it.. Build recovery in.. That's what we do with inner work.. Build that dialog and discipline, you know? We had a conversation today as a leadership team, should we mandate people take time off through the end of the year? And word came out, we have a lot of scientists on the team, was like, "That would be kind of silly, "because that wouldn't help everyone..

"We should encourage them so they feel free to do it, "but understand that no, "some people actually may be happier right now being at work "than being on vacation two feet away on their sofa." So I think this concept of recovery and structured recovery is way under-leveraged by CEOs and corporate leaders, and how do you build buffer zones and times of recovery in.. That's what we've been trying to do at BetterUp.. - I mean, talking to you, it just seems like such a no-brainer.. I know in my life, I'm a Type A person.. I wanna be the best at whatever I do, and I wrestled in college and I remember, I wanted to learn MMA, and I did a ton of research and found a four-time UFC world champion and trained under his tutelage for a while.. I loved golf and was terrible at it.. You could keep practicing and trying, and you're not gonna get that much better.. So I found a great coach, right? And it's funny, you give those really great analogies of how you excel in these areas of your life, but yet, on the business side, it's been wide open.. It's been crickets over there, so I love it.. Okay, last question..

We got a bunch of students' questions queuing up.. So how's COVID-19 impacted your business? - Yeah, I mean, I think for us right now, COVID-19's obviously terrible worldwide.. We have been fortunate I think in seeing net positive impacts, but that's net positive, right? For sure, we do a lot of work in industries like hospitality and retail.. Obviously you see slowing there, as people are furloughing massive amounts of their employees.. But we've also seen in general the water level on people wanting virtual support and care increasing, people moving learning experiences to be all-virtual.. So I think we have been very fortuitously situated and positioned in the COVID world, and we've really been just viewing it as an invitation and opportunity to do more good in the world.. So, we were really proud that we recently started donating free coaches to frontline healthcare workers.. So we've been giving access to hundreds of thousands of healthcare workers in New York and across the country access to coaching so they can take care of themselves as they're taking care of the most important in America right now.. So that's for us I think just been a huge lift.. We've seen the lift in the business..

That's great, but I think more importantly, we're seeing inside of this virus moment and economic moment a huge humanitarian moment to really bridge the gap and reach out to people.. So for us, I think it's really, and I even hesitate to say this, but take this in the right spirit: it's been a blessing in disguise I think on just helping more people realize that the stuff that's most important in life is not what's at my office.. It's the kid sitting next to me, and I wanna be present for that, I wanna be focused on that, and having a coach, having someone to help me can make a huge difference in how I show up at life and at work.. - Yeah, you know what I love, not only do you obviously talk the talk, but when you can really walk the walk, and as you know, character emerges during difficult times.. And for your organization to step up for these healthcare workers who are putting their life on the line every day they show up and dealing with something that none of us have ever seen in our lifetime, that has the potential of death and spread.. That's pretty awesome.. So I tip my cap to you, sir.. Okay, we got a whole bunch of student questions, so, let's tackle some of those.. First question is, that had the most upvotes, so Alexi, "What methods does your company employ "to measure or quantify a mental state, "and how do you quantitatively know if a user "has improved mentally via the use of the platform?" - Yeah, great question.. So there's actually a lot of good work that's been done for probably there at least decades on measuring everything..

It's crazy what you can measure now.. You can measure someone's optimism levels and how those change, resilience.. So we have a measure we call our "Whole Person Model," which we worked with folks like Adam Grant, Martin Seligman on, as well as our own team.. We hired the head of research from SHRM, which is The Society of Human Resource Management, the chief scientists from DDI, which is one of the big assessment companies related to psychographics, and the built what, I mean, I really believe it's probably the best measure of mindset skills and behaviors in the workplace, and it does it across domains of personal thriving as well as inspiring as a leader.. And so, you're able to assess that, and you can assess that personally.. You can also assess that in one another as peers in a 360-type environment.. So as you go through BetterUp, that is being pulsed and assessed along the way, and then we run nationwide control studies who aren't using BetterUp so we can statistically pull out noise and essentially, that creates the richest mosaic of enterprise data that we know of and our customers know of that really says, "Hey, look, these folks have been doing BetterUp "for four to six months, a year, two years maybe, "and look at these increases in things you care about, "like stress is going down, resilience is going on.. "Their leadership is being rated higher "by their teams and their reports, "social thriving, their relationships in life." So, all these measures, and we prioritize the ones that we think are valid and reliable, but also have robust evidence that they drive life and performance outcomes.. So we'll see something like BetterUp, in under six months, is one of the most efficacious interventions in the world on resilience.. We actually double the average person's resilience using the kind of industry standard measures of resilience in six months, and we know that resilience is a fountainhead of everything from wellbeing to creativity to great ideas..

So without getting into all of the item scales, that's the high level of how we're measuring that.. But we have a team, and we have, (Alexi sighs) I sometimes feel like the only person who doesn't have a PhD at BetterUp.. But we have, I think it's 50 behavioral scientists, I kid you not.. It's crazy, the amount of behavioral scientists at the company.. So they are working on some facet of what we just talked about literally every day, fine-tuning, adjusting, learning, and iterating as we go.. - Yeah, yeah, that's impressive, both how you blend talent with data and evolve and just deliver incredible value that's measurable to these businesses, and more importantly, these employees who are excelling under this environment.. Okay, another interesting question here, "How much did coding eventually help you?" "While I can't picture you coding much these days, "was that necessarily to get you where you are today?" "Many students at Stanford struggle "and don't know if that's truly what they wanna do." - Yeah, I still mentor some of these high school students.. They are always asking, "What should we study?" I always say, for what it's worth, I think the two things, if you have an inclination that I would recommend everyone studies who wants to get into business is coding and accounting, even if you never become an accountant and you never be a programmer, because both have taken what otherwise are very amorphous, complex things and structured them into very tight, lean, auditable systems.. And ultimately, as an entrepreneur, you're taking a pretty fuzzy, amorphous idea, and you're structuring it hopefully into a tight, auditable business, right? So I think that type of thinking for me was the biggest think of programming, and you know, I'm a big believer, having build product teams, I'll hire folks who are from only design backgrounds.. Some folks won't do that..

But there's a difference, I will say.. There is a difference, where someone has had exposure and knows how to program, even if they're not programming, and someone who hasn't, and how they think even, I find, logically the tightness of those loops, how they think about exceptions, and just being able to visualize flows of information and almost metaphysical checks and balances along the way.. I find for me, it's that cognition that coding, and I think accounting in another way, maybe organic chemistry would also do this, really kind of inculcates in people that I think is the most powerful gift.. Obviously, you're a programmer, you gotta stay sharp on your code, syntax, all that, but for me, as a CEO, you're often doing building blocks.. They are kind of like very rudimentary assembly, of like, "if else, then, or," statements, and having done that more formally in programming, I find it's been a gift for me in bringing that into sometimes fuzzier business spaces.. - Yeah, that's awesome.. Well, it's funny because, I'm gonna date myself right now, I started out in a technical career, and my math aptitude was good.. We were hiring a number of people from MIT, and it's not MIT good.. - Yeah, I've never heard of it, yeah.. - Being a Type A person, I was getting really frustrated..

So my inside joke to my class, where are the mediocre programs, and make 'em product managers.. But I have one twist on what you're saying, 'cause I agree with that, and I think that either if you focus on either product, right, you can engineer or be product management, or the other great area is sales, right? 'Cause companies need both things.. You have to have great products, and you gotta have people that can sell it, right? But accounting's a really great discipline as well too.. All right, "You spoke of Adam Grant, and Grant's book "Give and Take extols the benefits of being a giver.. "Being a giver can lead to great success, "but it can often overtax the giver, "occupying not only their time, "but also their emotional bandwidth.. "So how do you reconcile the value of being a giver "with how taxing that approach can be?" - Yeah, I haven't read the book in years, but you're right.. I think he actually finds that if you over-give, it's like the least successful profile, or something to that degree.. He has a two-by-two matrix, right, of giving and taking and disagreeable and agreeable.. So the sweet spot for Adam, having gotten to know him a decent amount, is disagreeable givers, right? That means you're giving people what they need, whether or not they want it.. You're speaking truth to them, because you care for them, right? In Fred Kauffman's framework or Jeff Weiner from LinkedIn, conscious business, we'd say, you're being compassionate, even if it doesn't feel in the moment like you may be being nice..

You actually are being kind.. And so, I think with giving, it is that balance of, are you coming with their best intention at heart, but are you also understanding that you have a finite amount of resources, whether that's economic resources, whether that's time, or whether that's psychological resources such as focus and energy, and if you over-give, you are barring against your future ability to give.. So just like giving money, if you're Bill Gates, you need to be prudent and wise in how you give other things, and time is more valuable than money.. Psychological energy I think is undervalued.. We only have so many hours a day we're truly gonna be productive.. So we don't wanna be selfish or take from people, or even be selfish, but there's a big difference between I think being regimented and organized and being really deliberate and taking a long-term view of the LTV you can give, versus dropping everything in the moment to just react.. And I believe, if I deign to paraphrase his research, the people who are more structured, more deliberate, and more prudent in how they gave were the most successful, because they achieved sustainability and balance in doing that.. So, that's how we think about it at BetterUp.. We literally use that in every employee orientation, that two-by-two, on disagreeable giving, "This is where we wanna be, "and it may not taste good in the moment, "but you know what, Snicker bars taste great in the moment.. "It turns out they're not good for you long-term." So sometimes what's best for us long-term isn't what always feels right in the moment..

So that type of internal regulation and discipline, and we would say psychologically, perspective, the ability to think through the future steps, I think is a huge part of giving prudently and wisely.. - Yeah, I that's a great way to look at that.. All right, man, we got one final question here before we wrap up.. "So, Alexi, if you could go back in time "and talk to yourself before you created BetterUp, "what would you tell your past self?" - Whoo, man, so many things.. Okay, I think the biggest would be, and it's not gonna surprise you, but it's true, so I wanna bound it, is especially early on, go with your gut.. Don't exclusively go with your gut, but when you've had the data, and I think Jeff Bezos has said this better than I ever will.. When there's 70% of the data, and a decision still needs to be made, don't go with that Excel file always.. Look at the Excel file and

go with your gut.. We would have saved 18 months of my life and the company's life had we just stopped thinking about margins obsessively and just made something people wanted, started with us.. So that I think, and look, it all worked out..

We learned a ton.. I wouldn't say I have regrets, but that would be one big thing.. The second thing I would give myself is, your energy, think of inspiration as you have a finite amount every day, you can put out of yourself into the world and into your team, is perhaps, and I say this with no ego, I say this having learned from my coaches humbly, the greatest asset a company has in its early formative years.. So people that drain you from that, things that unnecessarily drain you from that, it doesn't matter if it right or wrong.. It doesn't matter if it's fair.. It's not in your best interest or the long-term best interest of the company.. And so, being an advocate for your energy, being an advocate of where you are moment optimized, does not mean you're not being a servant leader.. It actually is the highest form of servant leader, 'cause you realize that this ship needs a captain, and if I'm not dialed in, if I'm not focused, then we're rudderless.. And so, that relates to projects, people, organizing, what rules you're gonna fire yourself from as a CEO as you build out your team.. Really be thinking about what energizes you and thinking about that don't energize you..

Hey, we all have to scoop poop sometimes.. That's part of life, that's okay.. But at some point, you have to give that to someone who really specializes and cares deeply about that so you can focus on the things that you're uniquely good at.. And I think trying to be a servant leader, I kind of, I don't know what the word would be, imprudently squandered a lot of time doing things that I probably wasn't best suited to do.. There's probably someone who's better and would have enjoyed it more, and it just drained me then from doing the things where I am uniquely situated, where I could have brought more energy and more vision to them.. (arpeggiating synth music)..