

URL: <https://ecorner.stanford.edu/in-brief/the-real-entrepreneurial-spirit/>

Joe Tsai, co-founder and executive vice chairman of Alibaba Group, recalls his path from law to private equity to entrepreneurship, including the first time he met Jack Ma back in 1999. Tsai fell in love with the entrepreneurial spirit behind Alibaba and soon after helped Ma incorporate the then-small company just as China's internet usership scaled exponentially.



## Transcript

- Well, Tom, I was working in New York as a lawyer.. I started out my career in the law.. I come from a family of lawyers.. My grandfather was a lawyer, my father was a lawyer, and, of course, you mentioned Yale Law School.. And I really wanted to get away from the law, and get into business.. So my first exposure when I left the law practice was to get into private equity, and I worked for a small firm in New York.. Just by fluke I got an opportunity to interview with a firm called Investor AB.. It's a Swedish company.. It's backed up by the Wallenberg family, and they were making investments globally, and starting a new area of investment in medical technology, information technology, et cetera.. And I was intrigued by the opportunity..

Someone I had worked for before in Hong Kong introduced me to the opportunity.. So that's how I made my way back to Hong Kong.. And then four years into my job there I met Jack Ma.. - And how did that happen? - Well, a mutual friend introduced us and so the circumstances are interesting because a friend of mine his name is Jerry Wu, not Jerry Yang, it's another Jerry.. And at the time Jerry had his own technology company.. He tried to merge the business into Alibaba.. And I asked Jerry, "Why do you want to sell your business?" "You don't even know what this alibaba.com is about, and I barely know Jack, so what's up?" And he said, "Well, it's because Alibaba has a name .com in it, and if I can merge my company into Jack's company maybe he'll take it public after six months, and we'll do really well." (chuckling) So that was his motivation for introducing me to Jack.. He said, "You go to Hangzhou, Joe, check him out, see what you think of Jack." So I went to Hangzhou.. This was in May of 1999 and I met him.. In China, it was sort of the beginning of the internet..

At times, I remember I think Yahoo went public in 95.. Ebay came around 96 so China was a few years behind, and back then only 10 million internet users in China.. Right now, we're over 900 million internet users in China, mobile internet users.. So everything happened very quickly.. After my first visit, I was just fascinated with not the business plan, the plan itself was kind of ordinary, but I was fascinated with the person, with Jack.. - Was he a school teacher? - No, he had already founded Alibaba so I stepped into his apartment.. There were something like 15 people there.. I saw 15 pairs of shoes in front of the apartment before I went in and I met everyone and then I had to use the washroom so I went to the bathroom and saw 15 pairs of toothbrushes.. So people were living in that apartment, cramped in there, sleeping on the floor, and I thought, wow this is like the real entrepreneurial spirit.. And I fell in love with the company..

Back then it wasn't really much of a company, very small operation.. But it was great.. - So when I read that there were 18 co-founders, was that the shoes? - Yeah, absolutely it was the shoes.. They were smelly shoes, too.. I think one of the most important things to learn about Alibaba is that ethos, the people behind it, and obviously Jack is the main founder and Jack is a very inclusive person.. In fact when I met him first, we hadn't even formed the company.. We hadn't incorporated yet.. So it was just a collection of people.. And because of my legal background, I said to Jack, "Look, I'll help you incorporate but who are the shareholders?" Back then, you know this was in 1999, he faxed me a list.. I'm sure a lot of the students here haven't even used a fax before..

And there were 18 names on that list.. And I said, "Jack, you know, I'm talking about the founders of the business.. "I know you're the main founder.. "There maybe a couple other people but why 18 people?" He said, "Well these are all my students." In fact, most of the founders are about 10 years younger than Jack and me.. You know I'm the same age as Jack.. And they were students of his in Dianzi University where he was a lecturer in English and International Trade and he said,

"They started this business with me, "I want to include all of them." And in fact he gave away quite a bit of equity to all the original founders so we had a group of 18 people...