

URL: <https://ecorner.stanford.edu/clips/preparing-to-found-a-startup/>

Payal Kadakia describes the process she went through when deciding whether to leave her corporate career to found ClassPass. For her, that meant conducting market research, making a safe three-year financial plan, and getting buy-in from key stakeholders (in her case, her parents).



Transcript

- First, I had an idea, right? 00:00:05,190 So, let's kind of go to the moment that I had.. I actually went to go visit a fellow Bain and MIT alum out in San Francisco.. And this was actually the first time I was actually around entrepreneurs at this time, this was about a decade ago.. Entrepreneurship was not what people were buzzing about.. It's not what my friends doing.. And so, to be in a room with a bunch of entrepreneurs was actually a very different setting for me, which inspired me to say, "Whoa, what if I could think of an idea? Maybe I could do this and pursue this career path." I was sort of unhappy in my current job at the moment, and felt like I was once again living two lives and needed to come up with a fix.. So, I was in that career shift mode anyway, mentally.. And I decided to give myself two weeks to think of an idea.. And I ended up looking for a ballet class 36 hours later that ended up being this epiphany of a tech problem that I knew I needed to solve.. And that was sort of that moment for me that I really started putting my mind on strategizing if I could build this problem, and if there was a market, and all of that..

But, it still took me five, six months before I quit my job and really took the leap, right? So, obviously ideas are great, but I needed to do a few steps before there.. And I think a few things that I did during that time, which I thought was really important was one, I did the qualitative and quantitative research I could do just from the skills I had, obviously from Bain and my friends.. I did surveys, I talked about the idea to everyone I knew.. And what was interesting is so many of my friends at that time said, "Hey, can I give you money to do this?" Right? And this was, once again, not the time when people were investing in startups or any of that.. And so, I was like, "Wait a second, I still have a job.. I'm not ready to take your money.. What do you mean you wanna give me a check?" And I had another friend saying, "Hey, can I quit my job and come and help you with it?" So, I kind of started putting it out there, which I really, really liked, and really liked the feedback I was getting.. And then, the second thing that I really started doing was a ton of, like I said, market research, really vetting the idea, seeing what was going on in the space, which I thought was a really helpful, once again, analysis for me to take the leap.. And then, the third thing, which was honestly, one of the most important, and it's combined with I think the money conversation we all kind of have, is I needed to get my parents onboard, right? Like I know that's something that you just think you're going to do, but I was still in my early 20's and my parents' blessing was important to me.. And so, after six years of working, I thankfully had enough in savings, and this is a conversation I had with my Dad, where we put together a budget and I made sure I could live off of it..

And we kind of predicted I had three years of runway really, for me to live off of my salary.. And by the way, I lived very frugally for those six years in the middle of New York City because I knew that at some point in my life, I would wanna take a leap.. And here I was at that moment.. So, I prepared myself financially.. And I also then had a really serious conversation with my parents about wanting to pursue something I loved.. And I think because I had checked every box for them (laughs) along the way, they, in their hearts, were able to say, "I believe in you.. You've done everything we've asked you to do.. You've done things well, even the things on the side you're doing." Like my dance company was succeeding.. And they really needed to like set me free.. And they finally were like, "Hey, why don't you quit your job and do this?" And that really gave me that time to really go and fly..

And so, that takes me basically to January of 2011, when I really decided to go all-in on starting the company...