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Jessica McKellar is the founder and CTO of Pilot, an accounting firm powered by software that has raised more than \$160 million in venture capital funding. She also founded Zulip, a group collaboration tool that was acquired by Dropbox in 2014, and Ksplice, which was acquired by Oracle. In this conversation with Stanford adjunct lecturer Emily Ma, McKellar discusses her 15-year journey founding three startups with her co-founders, as well as her passion for creating opportunities for the previously incarcerated.



Transcript

(mysterious music) - Hello everyone. 00:00:09,320 My name is Emily Ma and I'd like to welcome you to the Entrepreneurial Thought Leader series presented by the Stanford Technology Ventures Program, which is the entrepreneurial center in Stanford's School of Engineering. Also, sponsored by BASES, the Businesses Association of Stanford Entrepreneurial Students. Today, I am thrilled to welcome Jessica McKellar to ETL. Jessica McKellar is the founder and CTO of Pilot.com, an accounting firm powered by software that has raised more than \$160 million in venture capital. She earned her bachelor's and master's degree in computer science from MIT and prior to Pilot, she was on the founding teams of two other startups, Ksplice and Zulip. She also teaches Python at California's San Quentin State Prison and through that experience, she became passionate about building bridges between the tech industry and individuals impacted by the prison system. So that's definitely something we're gonna talk about. Welcome Jessica. Let's start by maybe an introduction to everyone of what Pilot.com is and what kind of users it serves for small businesses and startups.

Let's start with that. - Sure, Pilot's how I retire, 00:01:17,650 so at a high level, that's it. Yeah so Pilot is basically an accounting firm, but one that works in a vary special way because a lot of the work that we do behind the scenes to deliver accounting services, bookkeeping, tax, CFO services, other advisory support, a lot of that work happens in software, which is good for us, but it's actually good for the customer as well because it means we can deliver a higher quality, more consistent experience and we can also do things with data that nobody else can do to reflect kind of insights back to the customer in a way that nobody else can. So we've built a business around bringing small businesses into the 21st century with their finance and accounting needs, which has been a deeply satisfying thing to work on over the past five years through a bunch of growth in our customer base, getting to work with a lot of small business owners and startups and to really viscerally experience their pain and then hopefully solve it for them through some healthy fundraising, we're a kind of post-series C company and then just working with a really incredible team of really incredible finance and accounting experts who are all like in-house leveraging the software to deliver the service and then also a really talented R&D team that's building out the automation behind what we do. Yeah so we solve your finance and accounting back office as a small business and we help you be competitive with bigger companies who have a lot more facilities to take care of this internally than the typical small business does. - That's amazing. 00:02:59,560 We're come back to Pilot.com in a little bit. Maybe we can rewind in I think a number of years to when you were at MIT. So you've had this incredible, incredible career with these three startups, but all of us were once a freshman and I'm curious if we wind back the clock. Like how did you decide to study computer science? Like what did

you experience that led you to wanting to do a startup, your first one? And like what else happened during that time that inspired you to take this path? - Yeah, absolutely.

00:03:32,223 And I, just a little tiny bit of background on me, I, kind of born in California, grew up in Nashville, went to a public school in Nashville, my dad's a musician, my mom is, oh hi mom, mom's probably watching, mom is like a free spirit who has done a lot of things in her life. So I didn't know anybody who was interested in programming while I was growing up although I would say that my dad had a strong affinity for computers because what you could use them for for music. I actually thought I was gonna be a chemist and my first degree is actually in chemistry and I, while going through the chemistry undergrad program at MIT, I accumulated a lot of friends who were in the CS department because that's the largest department at the school and honestly I think I was kinda watching them outta the corner of my eye while I was going through my chemistry studies and I saw them learning what seemed like a very powerful, very general toolkit of tools to solve a broad range of problems in the world through programming, through software engineering. And I decided that I wanted to have that kind of toolkit as well. Chemistry is great. It's a very, it's its own discipline though and I think that that software engineering and programming can be leveraged in every discipline at this point just became attractive to me. So I ended up kind of dabbling with a couple of courses and really fell in love with it and ended up pursuing a bachelor's degree, a master's degree and certainly it's how I've paid the bills ever since. - How about the startup side of things? 00:05:20,080 Coming out of MIT with a computer science degree, a bachelor's and a master's right, lot of opportunity. So why go right into startups? - Yeah, well I mean 00:05:32,840 I've had the great honor and pleasure of working with my co-founders at Pilot, Jeff and Waseem, for 15 years at this point. We met in MIT's computer club, the student information processing board, MIT's computer club and our first company out of school was centered around Jeff's master's thesis.

He had worked on some very cool, like very fun kind of deep tech for rebootless kernel updates on Linux that we had built, totally bootstrapped into a profitable company called Ksplice that was ultimately acquired by Oracle. But it's incredible honestly to think about from where I sit today like the fact that we happened to meet each other through the computer club and have just had such an incredibly productive relationship ever since, it seems so blessed and fortuitous, but it, yeah, it just kind of happened. Jeff's like, "I've got this technology, we think we can productize it." We're like, let's do it. We have nothing to lose fresh out of school, we have like no money. Quick sidebar, I was a technical advisor to the HBO show, "Silicon Valley", if anybody's seen it and a bunch of small like narratives in the show actually come from our experience building Ksplice. We were like running the company out of this disgusting apartment in Cambridge, Massachusetts where everybody lived and it was very formative, wonderful, initial startup experience, also, just like to complete like kind of wild west fresh out of school experience too. Yeah so we just decided we were gonna do it and we did it and we've been together ever since. - Oh my God. 00:07:32,710 I will come back to that as well because that's something really unique, you've built three companies now with Jeff and Waseem and it does sound incredibly magical with these very humble roots that you've had. With Ksplice though, you were acquired by Oracle, I believe.

So what was that experience like being acquired and then deciding again that you would launch out? Like what happened during that period? - Yeah and the Oracle acquisition experience was funny 00:08:04,970 because Oracle's an enormous company and so like they've developed an acquisition team that is able to ingest like two billion dollar acquisitions and then they kind of apply that machinery towards also like 13% startups. I guess before we get to the acquisition itself, I think when we were starting, Ksplice is a very exciting, interesting deep technology, but ultimately for a pretty narrow audience. The audience is basically companies that have a lot of computers for which downtime on those computers is problematic. So this could be if you're like a hosting company or a super computing cluster, I mean nobody wants to be the person who's like, the super computing cluster is out for maintenance, so like high need in a relatively niche market and I think if that is the shape of problem you're solving there's only so much you can grow. You have to have a plan for what's gonna happen at the end of the day and you can stay independent if you can keep it a standalone business, but I think an acquisition is always a pretty likely outcome for this shape of company. And so I think we knew that that was probably always on the horizon. And who was gonna be the acquirer, we didn't know up front. It ended up being Oracle. Oracle treated us very well through the acquisition process and the time that we spent there post-acquisition, but the acquisition process itself was very funny because there were more people on the acquisition team at Oracle than there were like employees at Ksplice. I think actually the number of team leads on the calls with us exceeded the number of employees at Ksplice.

Although one thing just to like tie this back to Pilot, one thing that they actually called out from us during the acquisition process was the the state of our books because we, I mean we encountered a thing that every founder and small business owner encounters, which is like you have to take care of your finance and accounting needs, at a minimum for compliance purposes, like you have to file taxes. And to file taxes, you need books and also hopefully you actually want to know how much money you're spending and making to like make decisions about the business. And we had, like who are you supposed to use to solve those problems? There's no clear, at the time, there was no clear best in class solution to this. And so we did a thing that a bunch of business owners do, which is we bought a copy of "QuickBooks for Dummies" and we bought a copy of at the time QuickBooks Desktop, because QuickBooks Online did not exist and we also, okay, the thing that was maybe a little unusual is we wrote some software to like auto-reconcile our books ourselves, but we kind of built up this machinery to close the books ourselves. And the Oracle team was very impressed by our fastidiousness with this, which maybe was like a premonition of things to come. So that problem had been unsolved for us when we were starting that company so we did it ourselves. And yeah, that set us up for the rest of the journey to what Pilot is today in a sense. - That's such a great story. 00:11:36,570 We never quite know that the things that we might do that are small to make our lives easier ultimately become

the thing that we focus on and we can never quite predict the future, but when we look backwards, the tapestry reveals itself. So thank you for being so sort of colorful and detailed in sharing that story.

However, between Oracle and Pilot being founded, you had another chapter in there. So what was that about? - Yes, so we had a good stint at Oracle, 00:12:12,060 it might have been a year and a day, and then we kind of reconvened in one of our living rooms knowing that we still had some startup left in us and we wanted to think about is there another problem that we think needs to be solved where we think we're the right people to solve it? And we ultimately ended up building, so taking some funding for and building, kind of going into beta with, getting some customers for a company called Zulip, like tulip with a Z that is actually kind of like Slack before Slack existed. Now, we've probably mostly heard of Slack and we probably mostly have not heard of Zulip so that tells you something about kind of the outcomes for this, but actually some of the ideas in Zulip around like kind of threaded chat sort of now exist in other systems in a way that's satisfying to see, but this came out of again our own kind of lived experience as collaborators in a business context and feeling like the tools that existed at the time were not meeting our needs. In particular, if you wanted to have substantive conversations over chat, conversations that you could go back to as kind of a repository of useful information, if you wanted to do that, you needed more structured information in the chats themselves. And so we built like a business chat solution around that idea. Zulip actually lives on today interestingly. Zulip was ultimately acquired by Dropbox as part of Dropbox's interest in being a more foregrounded application for how businesses collaborate to get work done together, so kind of part of a thesis for Dropbox that has included other acquisitions. It ended up being the case that there was a fourth, there was a fourth co-founder, his name is Tim, who actually got the IT for Zulip released by Dropbox and he continues on today with Zulip as a very robust open source project that has like a company built around support for that open source chat product. So Zulip lives on today, which is also very gratifying to see with like a very healthy kind of open source contingent behind it. Yeah so Zulip was acquired by Dropbox and spent awhile at Dropbox.

I was there for I think three and a half years myself, Jeff and Waseem were there, and did get back together circa early 2017 and said, "One more time, one more time. We really this time want to tackle a large market with the goal of really seeing how far we can take this with solving, again, a business need, like really reflecting on what has changed, what hasn't changed over the past 10 years. And if there's a real acute business problem that we're well positioned to solve given our experience." And that's how Pilot happened. - That is so cool. 00:15:42,980 Let me step back for a second. So it's been you, Jeff and Waseem and you've sort of naturally fallen into being CTO, COO and CEO, and yet you were all I believe computer science or electrical engineering majors. So all of you had gone through that sort of technical experience. How did you figure out that those are the roles that you would take? Like, what was the process for that? Were there like ways of working that didn't work that were informative? And then it seems like you guys have this incredible, magical way of working now as a result of having gone through many iterations. So maybe you could share a little bit about that journey. - Yeah.

00:16:25,888 And you know that stratification had happened very early. I mean, even at Ksplice, Waseem was the salesperson, like he was the salesperson, and today, I mean everything kind of rolls up to the CEO technically, but he really lives in on the demand side with sales and marketing. Jeff really lives with GNA and I really live with R&D and ops. I mean really it comes from our personalities and interest. Waseem loves talking to people, he loves talking to customers, he loves sales. Jeff reads corporate tax law for fun so he's kinda a behind the scenes kind of GNA operations kind of person and then I've, I've always loved being on the product side and on the technology side. And a thing that's been really gratifying at Pilot is actually really leaning into the operations side of things as well. So we have these phenomenal teams doing the monthly close, tax prep, CFO, AP, AR, et cetera, and really supporting those teams, working with the software to deliver the service has been a really interesting texture on top of just like a pure software business. So I really enjoy that personally, but yeah, we kind of, it just kind of happened. I mean even really just at Ksplice, Waseem was doing sales, Jeff was taking care of a lot of the kind of legal back office stuff and I kind of stayed on the R&D side, and it's served us well I think.

- I think you're incredibly fortunate 00:18:14,290 because you all had sort of natural affinities and that was very clear. That's not always the case, right? You might have two founders that have overlapping skills. Speaking of which I'm actually really curious, one of the questions that we always sort of talk about and sort of discuss and explore is are there benefits and disadvantages of co-founding and are there benefits and disadvantages of going solo? So curious about your thoughts. I mean I think you have a bias obviously, but like are there downsides to co-founding? Has there been anything challenging about that? - Well, 00:18:55,477 so first of all, like why do startups not work out? And maybe the number one reason is probably you're like not tackling a market or a problem that you can actually build a profitable business around, can't get traction around, but a pretty common follow-up to that is probably around founder dynamics and like issues with execution that come off of the founder dynamics. So I think it's super important that a founding team and then as you grow the broader executive team, you're building out a well-rounded team that's very high trust, is very values aligned and where folks have clear swim lanes. So that's super important. And if you like don't think that you can do that, maybe being part of a founding team is like not the right plan for you. Being a solo founder, I mean people do it all the time and I mean my hats off to them because it seems very hard partially because when things aren't going well, like especially if you're pre-product market fit, you just like don't even know if this is gonna work, you have like nobody to be depressed with about it and if you're down, your co-founders can bring you back up and if they're down, you can bring them back up and having someone who's really there with you on it, certainly has been so important to me personally in these experiences across these companies. That's just me. I mean, everybody's different.

Clearly there are many very successful solo founders, but I think having folks to share the burden with has felt pretty important to me. - Let me dig in a little bit. 00:20:43,010 So you've been together for 15 years as this incredible team. What happens when you disagree? Like do you have like a sort of ritual sort of a way of making decisions? Like what happens? - Oh yeah and I should clarify 00:21:00,580 and Jeff would, he would be fine with me saying this 'cause I've said it in front of him before, Jeff and I didn't get along for like the first seven years of our relationship together as like kind of business owners together. And I think what that speaks to is that, a lot of what running a company is about is about just interpersonal stuff. And that's something that you get better at over time. This is like a muscle that you practice. One of the most transformative experiences that I had as an adult was actually at Dropbox in an executive coaching program that they kind of deployed with various departments, including the engineering leadership team. And you know they run you, you sit in the fire with that type of executive coaching program, like you get a bunch of like very detailed, like they send questionnaires to everybody who works with you, like your manager, your peers, the people who report to you, like everybody gets like a 200 question questionnaire where they're rating you on a five point scale on like every possible attribute of your leadership style. And then an executive coach distills that into themes.

Like where are your strengths? What are behaviors that are not serving you well or not serving you well anymore? And you like process that together. And then you decide how you want to come out the other side of it. But you know, those types of reflections, they make you a, sorry I statements, at least for me, it made me a better leader, but it also made me like a better partner in my personal life because it really forces you to reflect on how you engage with difficult situations, how you engage with conflict. Yeah, it's a continuous investment in oneself and the team to be better and better as a people manager and as a leader. That was a really transformative experience for me and I think I benefited from it coming into Pilot because that's an experience I hadn't had in the previous two companies. - I'm just really touched you shared that 00:23:22,710 because I personally went through something very similar and it was super eye-opening just having that feedback come back and then eventually working through it, for me, I am incredibly conflict avoidant, if I could, I would just hide in a cave. And then I realized over time and through a lot of coaching and continuous development like you spoke about like conflict is not always bad, right? I think sometimes we have this perception, as I was growing up, it was like, oh, conflict is not a good thing or like culturally, it's not a good thing, and yet, it's kind of where the good stuff happens. It's like when people are able to be sort of compassionate and respectful and lay it out on the table, you may find better solutions and better outcomes from it. And yeah, I talk about this because I think especially for students, sometimes there's this desire to go solo because then you'll have less conflict, but actually, we're missing out on some great interactions and great opportunities to develop. - Yeah, absolutely and then to go back to your 00:24:20,400 kind of previous question, you know like how do we resolve conflict? Well first, we've gotten a lot better at it because I think we've mostly kind of sorted out our issues over the past 15 years.

And so if you're coming at it from a place of there is sincere mutual trust and respect and, for me, I had hangups about feeling like I had earned my place at the table. And so things that felt like they were challenging that made me react in a counterproductive way. Once I worked through those things, it's like, oh, okay, we're having a disagreement, like we're both reasonable people, we both trust each other. Let's make sure that we're working off of the same fact base here, like maybe that's the issue. So let's check if we have the same information. And if we do, great. We probably have two reasonable opinions that just happen to be different and we just need to make a decision about who's call is this 'cause some things are in my call, they're in my kind of sphere. Some things are Jeff's call, some things are Waseem's call. And you can really, you can like pull the card if you need to say, like, hey, this is a deal breaker for me. But otherwise, we're making 100 decisions every day.

Like I'm not gonna micromanage, I don't have time nor the interest to micromanage everything that these folks are doing. They're highly capable, they're better than me at the stuff that they're doing. So let them do what they're doing, let me do what I'm doing. We'll make sure that we're aligned on the big ticket items for sure and then you just let it go. You like disagree and commit, let's move on, we've got a million other things to do. - I love it, I'm gonna say that again. 00:26:13,780 Let it go, disagree and commit. And I think that was probably the hardest lesson I had to learn in my early career is that it's just really hard to let go. Especially when we're smart people who have a lot of education, we want to get things done. And so letting go, disagree and committing, 'cause we just can't do everything ourselves.

And so thank you for sharing that and reinforcing that message. And I know it might seem awkward in the beginning to do that, but then it's like, oh, you know what? We're going to win the war and not like scrimmage over this battle, right? It just makes sense in the long term to have that north star and know where we're going. All right, let's bring it back to Pilot. You have had a ton of experience already, this lived experience, of being challenged with small businesses with accounting. Tell me a little bit more about the early days of Pilot. How did you go through to figure out product user fit? What was that experience like and did you reach out to networks to learn more about other small businesses? And then how did you crystallize the first couple of product features and products in the portfolio? - Yeah so when we were deciding what we wanted to do next, 00:27:27,090 what were the parameters on this? We knew that we wanted to solve a business problem. We like don't have a consumer bone in our bodies, we know that we live in business land, not consumer land. So we knew we were gonna solve a business problem. The businesses that we understand the best are small businesses and startups because that's what we've done primarily. And then we also had our experience with our previous companies this observation of there's no clear best in class provider for bookkeeping, for other financial services.

And that hasn't changed over the past 10 years, which is like that was the thing that was mind blowing from like 2008 to

2018, or I guess 2007 to 2017. And also, we could sort of observe that there's kind of a rising tide of businesses' financial platforms moving online. It's like yeah, of course, your payroll's online now, of course, your expense reimbursement system is online now, of course you like handle your vendor payments online now. And so everything is moving towards these electronic formats, there are APIs, there's structured data that you can manipulate in software. Great. Against that, we, we did a lot, we interviewed a bunch of people basically. Like we talked to a bunch of people in the back office of various small and mid-market companies, legal teams, accounting teams, HR teams, what have you, where is the pain? Like where is the pain? Where are the problems that haven't been solved yet? And I mean the unambiguous loudest theme in that research was on the finance and accounting side, like in particular, the monthly close getting your books done, like maintaining your books is a nightmare for small businesses. And so that was a good foundation. It's like our own experience triangulated with this feedback from other people who have this pain and then you can triangulate that with the market. And as you look at the market, the size of the market is staggering.

Fun fact, about one in every 100 people in the U.S. does bookkeeping like full or part-time. Like if you walk down the street and you pass a pizza shop and a nonprofit and a startup and a dentist office, like somebody is toiling in the back office trying to solve this problem like Denovo for that business. And that is simply not the way that it's going to be forever. The question is who's gonna make that not be the case? And it has a convenient property if you're trying to build a business, which is, again, it's basically legally required. It's not a nice to have, it's a must have and it applies to every business. Like every business has to file their taxes, every business has to do their books. So if you do the market analysis, you're just like, it's like a staggeringly large market. So if you can be successful even in a small percentage of that market, you've built like a hugely, hugely successful, profitable public company and we're all like very pleased with ourselves. So if you take all of these things together, it's like the market size, the market analysis, our own experience, and then validating our experience against other people, that pointed us towards the financial back office and then our initial wedge into that was bookkeeping specifically as a very, as one of the earliest, highest trust relationships that businesses tend to start with a third party provider.

- Okay I got to ask you the recursive question. 00:31:14,660 Do you at Pilot use Pilot for yourself? - Oh yeah, oh for sure. 00:31:17,071 First off, doing bookkeeping without Pilot's tools is not very fun. So yeah, no we definitely use Pilot to produce Pilot's own financials, which is, yeah, it's like important dog fooding, but also, it actually is better than doing it any other way. - That's awesome. 00:31:36,200 That's awesome. So maybe I could dive into a little bit that you had touched upon, you really enjoy the R&D work, you really enjoy the technical work, but you've been increasingly also enjoying this part of the work that really is about ops and people. And I was fascinated by your philosophy of people plus software. And so you've made this decision to also include this community of dedicated finance experts while automating, as you said earlier, a lot of the bookkeeping functions and the accounting functions in the first place. So how did that decision come about and how has that evolved? - Yeah, so I mean one of the very earliest observations 00:32:24,710 was that businesses don't want to buy more software, they want their problems solved.

So in general, folks are not interested in like yet another tool that they need to like set up and manage and like use day over day or month over month to accomplish some finance or accounting task. They just want to know that the problem is solved by someone they trust, who has their back if they have questions so that they can like A, focus on, you start a business to like bring something into the world, right? You want to mostly focus on that. So for the parts that are kind of the low level kind of compliance oriented parts, let somebody who's better than you do it and how they do it almost doesn't matter. Like the fact that we use software to accomplish this and that gives you a better work product and like these insights that you don't get anywhere else, the how behind it almost doesn't matter, what you care about is the end result, which is like, you have great, clean books, useful insights, and you have like a person who you know and you trust and you can ask questions of. And then on top of that though, we can also be this strategic partner to you, like a person who can get on the phone with you and help you plan and make better decisions about your business based on the data and based on data that we're aggregating that nobody else is gonna have access to. So it was always gonna be people plus software and the interface is we solve the problem for you, we're not selling you yet another tool. - That makes sense, that makes a ton of sense. 00:33:57,350 So instead you created a subscription model. It's not just purchasing the software itself. It actually always comes with a financial advisor who you can trust to help you interpret the results.

And I think that's such an important theme because I see so many companies out there that are like, we're gonna build you dashboards that will give you insights, but it's hard, most people don't know how to read data, and most people don't know even how to interpret insights. And so having that human touch really, really does make a big, big difference. - Well, and the dashboards are only as useful 00:34:30,190 as the quality of the underlying data and that's the other place where people can get pretty tripped up. Like if the books aren't accurate, what's the dashboard on top of them gonna tell you? - Spot on, spot on. 00:34:44,073 Well, you know, you've been at Pilot now, running this company with Waseem and Jeff for five years I believe. So you've built this incredible team, so lots and lots of individuals, and I'm sure you've been involved in hiring a lot of people as the company has grown. You have a very, very particular philosophy around this and I was hoping that it takes some time to share what that is because it really is unique and you're really at the forefront of that. - Yeah, absolutely. 00:35:19,000 While being a realist about why we do this, like why do I work so hard building this company, and a lot of that is about the economic upside of having a successful startup, right for sure, taking that as a given, another thing that is really important to me is the tremendous opportunity and I would say obligation that you have as an employer. There are a lot of decisions that you're making explicitly or implicitly through the way that you hire and the way that you conduct yourselves as a company in support of employees at the company.

And so I take that responsibility very seriously. And so our company values, the way that we think about kind of the employee life cycle and supporting employees, the way that we think about our recruiting strategies. They're all an extension of values into the world. And so you have values whether or not you say what they are. And so being explicit about them and then living up to them is really important to me. I think one particular aspect of this that you and I had talked about before so just maybe to highlight it in particular is one of the things that Pilot is maybe most known for on the hiring front is kind of creating space for and changing the narrative around hiring folks who have records into these, I mean great phenomenal tech jobs that have great benefits and great pay and all this career growth potential, like the economic upside again of being at a tech company is so tremendous and can really change the lives of people and their families. And so making sure that we're intentional about being a place where folks from a wide range of backgrounds, including folks who are formerly incarcerated, can like get in the door and be successful has been really important. So we've done a lot of work on yeah, so kind of hiring and supporting folks with records and this is across a bunch of different functions of the company, like folks in engineering, like folks on the operations side, support, sales, like really everywhere. And it's not like it's an act of charity. It's like these people are really good at what they do and your loss, if you, other companies, don't recognize that there's all of this talent that may just not pattern match super easily against the ways that folks have hired into the tech industry in the past.

So that's super important. I'm happy to, I don't know if you have specific questions about this, but I'm happy to talk in more detail about it, but that's really important to me and it's important to me because it's the right thing to do, but also because it's actually good for the business. - It's so, so wonderful and so beautiful that you do that. 00:38:34,240 How did you find your way into that sort of work? I mean was it through the volunteering at San Quentin that you learned about the population and got to know individuals? Was it through something prior to that? - Yeah, I mean I think everyone has their own journey 00:38:55,830 into caring about the kind of carceral state, but yeah, I think that this started for me with an interest in the law and how the law impacts our lives. And I first started volunteering at San Quentin kind of under those auspices. But what happens is if you're going inside of a prison regularly, you like meet a bunch of folks who are like super smart, super talented. In some cases, they're gonna need jobs at some point and you're like, well heck, I need a salesperson, I need an engineer, like I need a customer support person. Like would you like to, it would be my pleasure if once you get out, you could work at this company because we're absolutely in need of talented folks like you. So I think it comes from like who do you know? Who are you in community with? Who are you spending time with? And realizing that there are tons of super talented folks who happen to currently be in prison or who maybe used to be in prison. And this is, outside of Pilot, this is like a very central kind of part of my life outside of work.

I run a house for folks who are recently out of prison who like need transitional housing, but may can't afford housing on the open market. There's a very amazing, and that house is like run by and for folks who are formerly incarcerated at no cost. There's a phenomenal group of kind of current and aspiring software engineers called Underdog Devs where we've like built up a community and like a stipend program to help folks pivot their careers into software engineering coming from a background where you face tremendous employment discrimination usually if you have in particular a felony conviction on your record. And so kind of creating this space and the support network and like the referral network to help folks land jobs through that community. And again, what's important about that is again, it's kind of buy and for folks who are firmly incarcerated, so like really centering the folks who are impacted and the strategy and like the work that is done. So like a lot of my time outside of work is spent on prison stuff, but it's wonderful that it can be connected to the work, like the work at work and the work outside of work are deeply connected in that it's like spending your time on extending your values into the world while also building a really great business. And that's been like a deeply satisfying dimension to my adult life is being able to keep these things all connected. - I'm so glad we took time to dig into the story. 00:41:58,540 It was the one that actually attracted me the most to sort of explore this topic. It's hard to bring our life life with our work lives and when we can do that, we're really, really fortunate.

So final question before I hand it over to students, we actually had a vote on this on Monday, we discussed this at length and then we voted on it, I'm not going to share with you what the students had voted on, but we're curious, like this is your third startup, if you're willing to talk a little bit about what you see for the future. At some point, you've raised 160 million, the investors are looking for their returns, what does that look like? What does the exit look like? - Yeah, well and I think this goes back to 00:42:39,070 kind of what is the shape of the company? What's the business model? What's the size of the market that you're tackling? And we were very intentional in starting Pilot about tackling a market of a size where there was a very I think clear, strong path to staying independent indefinitely, like building out a suite of products that allow you to continue growing as an independent company indefinitely. And so I certainly think the most likely outcome for Pilot is that we stay independent and we IPO. At some point, I'll retire and my full-time job will be decarcerating California, but for now I'm very, very happy continuing to be at the helm building this really remarkable company with this incredible group of people. - Well, we will all be cheering you along 00:43:28,589 and hopefully you might hire some of our students at some point for internships and whatnot. So with that, super, super, super thankful for the conversation, we have a ton of questions. We're going to go into student questions now. Let me start with, let's see, I can organize through this. Number one, "What are Pilot.com's core values?" You said that whether or not you state them, you're gonna have 'em. So what are your core values and how do they contribute to the work culture and ethos? - Yeah, so we do have values.

00:44:05,620 I'll tell you what our actual company values are. And that's like maybe not the totality of the story. There's a lot of texture to folks, hundreds of people coming together to work together and collaborate every day, but I'll literally just tell you what the values are and then maybe like kinda why they are what they are. And I think the meta theme for the values is

that you I think you'll see that it's very rooted in quality and collaboration and like wanting to do the right thing by each other. So the first value is care more than they expect. And that's true about how we engage with our customers, that's true about how we engage with each other, with candidates, but care more than they expect and create delight through that care, build trust through that care, get the details right. Another value is do it well or don't do it, which can be a little, that can start some arguments sometimes, but it's important to focus, maximize your commitments behind what actually matters the most and like actually follow through on them, build it well. If you're not really hitting the mark with like the core value prop, the core thing that you're trying to do, being distracted by other things is not gonna help you. So focus on what matters, do it well or don't do it. The next value is fix the systemic issue.

So every failure is an opportunity, but only if we take the time to learn from it, especially in the work that we do, which is like kind of complex, often very subjective finance and accounting activities. If there's like a mistake somewhere, it's basically never someone's fault, it's like could we have built a more resilient system, make it easy to do the right thing. So make sure that we're being rigorous in our root cause analysis and make sure that we're fixing the systemic issue. The next value is, there aren't that many more, I promise, the next value is share the work and the win. So it's only a success if we get there together, have each other's backs, be a helper and take the time to celebrate together. And then the last value is seek justice. So use Pilot as a platform to actively correct injustice in the world. - Wow, the last one is like front and center 00:46:44,773 when it comes to the work that you do with incarcerated. That's wonderful you've baked that in very deliberately. - Yeah and I think what's important to highlight about this 00:46:51,323 is like Pilot is not, this is an incredibly high performing team, like the team at Pilot is so phenomenal like across all of our departments, an incredibly high performing team, an incredibly successful company on an incredible trajectory.

It's not like we're making a compromise here. It's like doing the right thing is a part of being successful and I hate it when folks try to, people try to imply that that's like not what's going on sometimes. It's like hey, no, we're great and we're a diverse and inclusive team and we have all these people from a wide range of backgrounds that have come together across disciplines and it all comes together, it's not like we're making trade-offs here. So I'm very passionate about that. - I think it's amazing. 00:47:42,700 You've almost found this like secret, right? There's this incredible population of folks that very few people tap into because of whatever reason, like social reasons or risk reasons or whatever might be. And yet, you've harnessed that and you're helping others also harness it over time. So it's win-win, it's across the board, as you said. People just don't realize it and you've uncovered it. All right, next question.

The question is, "Did you ever encounter opposition in your decision to hire incarcerated folks and how did you overcome that?" - Basically no honestly. 00:48:23,200 There was some internal discussion kind of setting up the framework for how, and it's not just about hiring, it's like let's make sure we're actually setting folks up for success and like we have of the internal infrastructure to do that. But I think once we had that commitment, what precisely would we be worried about here? Because we're interviewing someone, there's like our full interview process, the same that we would with anybody else. We're evaluating someone on what they bring to the table as who they are today, not who maybe they used to be. So what's the issue? I think there could be some theoretical like PR concerns here and it's like, eh, suck it up, it's gonna be fine. And it has been fine, it's been totally fine. What we've succeeded in doing is hiring a bunch of really talented people and that's been the consequence. - Let me ask like sort of a follow up question to that. 00:49:20,630 Why are other companies so hesitant or why haven't they also uncovered this incredible sort of population of folks who are incredibly smart and talented? - Well, I think some of it is around bias 00:49:37,530 that is rooted sometimes in like bad data or bad information. Like maybe beliefs about recidivism rates or what have you that are frankly actually, they're just wrong.

Like if you, I can be very confident from my personal experience but also from the data with, let me tell you, I've had way more like issues with some new grad misbehaving, no offense to folks in this group, than like a person who did 20 years and got out on a life sentence after a commutation, like no contest where the issues show up in the workplace. What's this really about? You're bringing together a bunch of people to be adults together and do work together every day and like every once in a while, someone's like not gonna work out, for like performance reasons or they do something that's inappropriate or some kind of misbehaving or what have you and you that's like why you have an HR team and you have good policies and procedures. You don't build a company where nothing bad ever happens, but you're responsible about how you evaluate folks you bring into the company and then like you react as responsible adults within clear frameworks when there are issues and then you're just people doing a job together. - I love it, I love it. 00:51:08,660 I think it's important to actively counteract bias because it's implicit and sometimes we don't even know it and I think you've sort of cracked it open to make it much easier and safer to hire a diverse group of folks and onboard and ensure success regardless of background. So you sort of set the stage for that and made it a lot easier to do what's right and that's not always the case everywhere. All right, next question. What are some of the biggest differences that you can remember between starting your first startup out of college, including fundraising, development and hiring, management, et cetera, versus Pilot now?" - Yeah, I mean it's definitely easier 00:51:53,440 if you've done it before in a bunch of ways. Having a successful exit makes fundraising much easier. We're so fortunate, but we were fortunate that fundraising for the second company was relatively easy coming off of the success of the first company, doubly so for Pilot coming off of the second acquisition, so like the credibility that you gain from those experiences, for fundraising, also for hiring.

Oh hey, these founders know what they're doing, like they've done this before, they're gonna build a responsible company, it helps with hiring as well. And then you also just like you've done the mechanics before, it's like setting up the infrastructure

for a company. You need to incorporate, you need comp bands and you've got a stock compensation strategy and you administer payroll and when a toilet gets plugged, you gotta shovel it because nobody else is gonna do it 'cause you're a 10 person startup initially. Like you've done it all before and it's easier to do it again. So I think just like the wisdom of having done it before and being a little bit older makes everything easier. We really do a lot of toilet plunging though in the early days. If you don't like view that as part of the purview of a founder, maybe what you wanna be is like the first engineering hire and maybe not a founder 'cause you're the shit umbrella, which is good, I like being the shit umbrella, but it's not for everybody. - Maybe not every day. 00:53:40,900 - There's also a lot of joy in it, but you know, yeah. 00:53:44,440 - You know, I think sometimes we forget 00:53:47,160 that startups are not that glamorous, right? There's so much of it.

- There's so much work. 00:53:54,210 I work so hard, but I love what I do, I love who I work with. The upside in the success case is transformative and that's why I do it. - All right maybe the last question, 00:54:06,157 I get to ask the final one after that. "In hindsight, one can justify that everything happens for a reason. If you could go back in time let's say five years to when Pilot was just started, are there any things you would go back and tell yourself to do differently?" - Yes. 00:54:29,114 Yes. I'm thinking about if there are any that can be explained in a way that's not super in the weeds. Things that I would probably wanna discuss with myself from five years ago, everyone always says pay more attention to pricing and packaging than you think you need to and then nobody ever does. So we should have, not that we made any huge mistakes here, but some kind of expensive lessons around pricing and packaging that I think we would go back and revisit.

I think maybe on the operation side, building out some of the leadership team earlier so that we could delegate to experts more earlier, I think might have served us well for making sure that we're kind of building the right scalable infrastructure from the very beginning. The way that the company started, literally Jeff, Waseem and I did the bookkeeping manually for our initial customers when we had no software and we actually have stayed kind of shockingly close to the details on this in a way that has served us very well in some ways, but you don't ever wanna be a bottleneck, like you as an individual, don't ever wanna bottleneck on your own, the company's growth. So maybe a little bit of reflection on building out the team on the right timeline to really be able to delegate out the expertise. We did a lot of things right I think. And so I have a lot of very positive reflections on, like COVID was like sort of a weird black swan event for businesses and we weathered that remarkably well due to some choices that we made about kind of managing burn and being smart about fundraising timing. So there's a lot of stuff that I look back on and I'm like really proud of the discipline that the team had that gave us optionality to navigate COVID in a smart way. But those are some things that yeah, I would reflect on. Pricing and packaging, ah, everything is pricing and packaging, don't ever underestimate it. - All right, final question. 00:56:59,070 Since we went back five years, let's go back to freshman year.

If you could tell your yourself one thing when you were a freshman at MIT, what would that be? - I mean in a sense it's like I wouldn't change my life 00:57:17,550 for anything, the way that it's played out, and so it's like, buckle up, it's gonna be a fun ride. I mean maybe I would say that chemistry degree, you're not really gonna use it is maybe what I would tell myself. I don't know what, I would hesitate to tip over anything that might cause some weird sequence of events to happen differently such that I wouldn't have met Jeff and Waseem when I did. (mysterious music)..