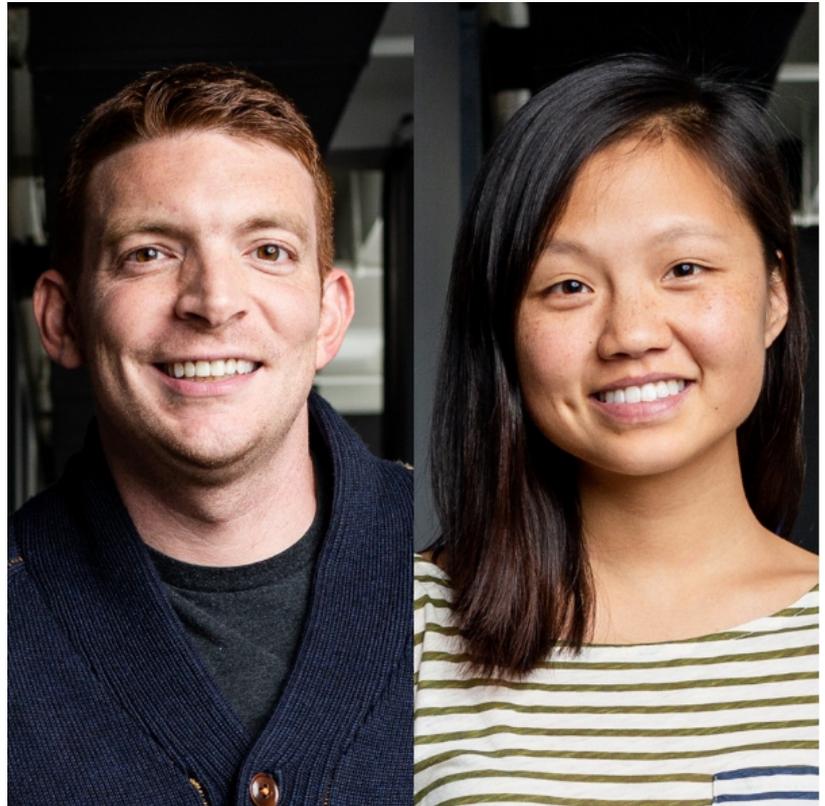


URL: <https://ecorner.stanford.edu/videos/building-from-values-entire-talk/>

Patrick Schmitt and Jenny Xia Spradling are the co-founders and co-CEOs of FreeWill, a social venture that has helped charitable organizations generate more than \$5 billion in new planned gifts, stock gifts, and qualified charitable distributions. In this conversation with lecturer Toby Corey, Schmitt and Spradling discuss how they've built values such as kindness into their company from the beginning, and how entrepreneurs can use their company's values and mission to drive fundraising and growth.



Transcript

Announcer Who you are defines how you build. 00:00:08,860 - Good afternoon, I'm Toby Corey, and I wanna welcome you 00:00:11,780 to the Entrepreneurial Thought Leaders series. It's presented by STVP. We're the Entrepreneurship Center in Stanford School of Engineering and Basis, the business association of Stanford entrepreneurial students. Today, I am incredibly delighted to welcome Jennifer Xia Spradling and Patrick Schmitt to ETL, how you guys doing today? - Pretty well. 00:00:41,820 And for those that don't know what that is, it's a social venture that has helped charitable organizations generate more than, you're ready for this? \$3.7 billion in new plan gifts, stock gifts and qualified charitable distributions. It's just unbelievable. They were recently named two of the top 50 philanthropists in the world by town and country. Schmitt previously served as head of innovation at change.org. I'm sure many of you aware of the fantastic work they did there, helping to grow that organization to 200 million members in just four years.

Xia Spradling is an alumni of McKinsey and Bain Capital, where she helped start the largest impact investing fund in the US. She was also a co-founder of Paribus, a FinTech startup that exited to Capital One. She was also featured on the Forbes 30 under 30 list, and get ready for this, they both earned their MBAs from Stanford University's Graduate School of Business. Let me welcome you both, and how are you today? - Great, thank you for having us. 00:01:44,720 - Fantastic. Well, we have so much ground to cover. 00:01:45,729 Let's jump into it 'cause we have definitely limited time here. So I wanna just start off with FreeWill's business model because it's quite unique. Your company is all about philanthropy, but you're also really fast growing, and on top of it, you're venture funded as a profit startup. So let's just get started.

What do you guys do and how do you generate revenue? - Yeah, great question. 00:02:09,670 So FreeWill is now, actually yesterday, our 200th employee accepted an offer, we've crossed about five and a half billion in giving. So how did that happen? What does it mean? Well, five years ago, when I met Jenny on Stanford's campus, where we were both grad students, what we realized is that, by far, the biggest donation that anyone ever makes is a gift in your will, right? And so you might give 20 bucks, a hundred bucks, even \$1,000. And then when you pass away, at some point, you might give away 20% of your whole life savings, and that's an enormous amount. And this becomes incredibly important as demographics are changing over the next 10, 15 years. So what we've realized is that if we could make this type of giving easy, we could raise enormous amounts for charity. And the way we did that is we said, "Okay, why are people not donating more on their will right now?" And it turned out to be two things. One, people hate estate planning, and two, when you actually do estate planning, no one

asks about charitable giving. So what we came up with together was let's create an estate planning tool that is totally free, hence the name FreeWill, and really nudge charitable giving in the process. So people give about five times more when they use those tools.

And the business model is that we started out selling custom versions of these tools to nonprofits who go then share it with their own supporters. Those supporters would get a totally free service, right? They get estate planning, which they totally need, and didn't have already, they get it for free. And many of those people choose to give to that charity in their will, resulting in enormous giving. And over time, we built that software, sold to charities, they loved it, and they said, "Wow, this is great, but we have some other types of giving that we can talk about later. Can you build tools for that now?" So now we have about four different products on different types of giving that nonprofits all pay us for on an annual subscription basis. - Wow, that's really cool. 00:03:55,070 I totally get the consumer side of that. Having gone through that process, it's really expensive and it's incredibly arduous, it's incredibly complex. So that seems like a no brainer. Tell me a little bit about, on the charitable side, like what were they lacking and how does your technology and offering solve some real problems for 'em? - Well, what we saw is that, historically, 00:04:16,510 this thing called planned giving, which is how do you help people and how do you ask people to leave somebody in their will? Because the gifts are so big.

And Stanford itself has received some enormous gifts this way. And what we realized is that the nonprofits, what they were doing is they were just sort of sending out a bunch of direct mail and hoping. And it was so distant, the gap from asking to you actually putting your will, might be eight years apart. It might be so distant. And by shortening that distance and saying, would you like to do it? By the way, here's a way to do it right now, just created an enormous shift. And we sort of talk about the old way was like sending an email about donating and making someone go get a mail or a check from the bank and sending it in. It was so difficult and so onerous to be giving, that by making it really easy and simple for something people knew they ought to be doing anyway, it ended up being quite life changing for a lot of organizations. - Yeah, no, it's awesome. 00:05:13,480 I definitely went through your site. The UI UX is incredible, so congratulations on taking really complex process and make it really easy and really compelling.

Let's shift gears a little bit, 'cause what I'm really most interested in and what generation Z's most interested in, we touched upon this in the past, but you guys connected based on a series of shared values rather than a business plan, which is quite unique. 99.99% of businesses really start with a business plan and the need in the market, but you really focused on the value side. So can you a little bit about what that means, what the process looked like and how did you kind of get vibing, in general, the founding FreeWill based on the start of values? - Yeah, well, I was very fortunate to meet Patrick 00:06:02,450 within a week of stepping onto Stanford Campus. And the very first time we met, I still remember, it was a 15-minute walk, it was gorgeous out. We were just talking about each other, each other's backgrounds. And the first signal of we might have something here is we both talk really quickly and we get very excitable. So instantly that energy was just there, almost that chemistry that you're looking for. And so 15 minutes in, he pitches me the idea for FreeWill, and having done some impact investing before, I thought, wow, this is a combination of three incredibly unsexy industries, but that together, are incredibly innovative. It could really be a win-win-win across the board. And so our first meeting after that...

You know, I'm a math person. Growing up, I did math competitions. So I would think, okay, we're going to business model. We're gonna size the total addressable market. But it was really Patrick's question to say like, actually, let's just get in a room and talk about values. Like are we even close? And so we spent an hour and a half in a small classroom with whiteboard, just writing down, hey, what is the way in which we would like to interact with each other, with our customers, with our employees, like with the world, what do we wanna represent? And that ended up being one of the most important meetings that we've had in our five years at FreeWill. And it continues to be, today, the reason why people join, the reason why people buy from us, and the way that we operate with each other. So we ended up with four values, kindness, joy, courage and focus. And one thing I tell folks is, yes, you can have pretty values on your website, but unless it is a day to day lived experience, they aren't real values. And I think we've done a lot of work setting up the traditions and just the experience.

As soon as you reach us, whether it's as an employee or as a customer, to really feel those values, yeah. - That's amazing because as you may or may not know, 00:08:06,620 the number one reason why early stage companies fail, because of no need for the product. And the second reason is people. The wrong folks involved, especially at the founder level, and then the culture just never gets on track from the start. So the fact that you guys took some time and did that up front is really novel. And I think, more importantly, how do you thread that through the organization? Like how do you lead by example? And it's one thing to put a slide together and lay out all this great altruism and great stuff, but then the hard part comes in getting it through the organization and people feeling it and believing it, and acting in that way. What did you guys do to get that threaded through your organization and how that whole process worked? 'Cause that's quite interesting too. - I can speak to this a bit and then Patrick pile on. 00:08:56,400 Honestly, we could talk ed nauseam about our values, but I'll give you some examples. So kindness, for example.

I mean a lot of what kindness means to us is not necessarily being nice all the time. It's not just like only giving compliments or only celebrating. What it actually means is kind of like meeting people where they're at, like as humans. And so it is the small acts on a day to day basis. Like for example, when we shared an office, everyone would wash dishes and put 'em away. It was that sort of office. Like if we ran out of coffee, for some reason, the next day you would come and two different people would've brought extra coffee pots for the team, just... And it's those small things to really care for each other

as humans, that I think have really continued to perpetuate throughout the experience. Still today, we just onboarded, I think our like 185th employee, and the consistent thing we get is like, "Wow, you told me that folks were kind here, but I saw every single day in every single meeting." And when folks come into that experience, well, it turns out that they end up being the kindest version of themselves to the next person too. And so a lot of that perpetuates just from early modeling and those small acts that you might not think matter.

- Yeah, how about for your side, Patrick? 00:10:12,303 - It's a great point. 00:10:14,083 I mean, a couple of examples is, we score for kindness in the hiring process, and practically, what does that look like? You can't just be like, oh, she looks kind 'cause she's got soft features or whatever. You say, tell me about something that didn't go well. And do they empathize with the other people in that project? Or do they say, I really did my best ever and then product screwed it up. Well, maybe product did screw it up, but do you have a sense of why that happened? Are you thoughtful about it or are you just sort of blaming folks? And so you can start to do that. And I think it sort of, it brings this culture of people just sort of looking out for each other. And one other thing we do that I really love is starting with our, I think our first employee, we created a list of pre-readings. And a bunch of them are our favorite readings at grad school, but there's something called "Radical Candor", and there's a whole book, it became a book, but it was also a nine-page article or eight-page article about how to give feedback. And so we really set the tone before you get here and then you show up and people have really carried it forward. This week, this past week, we have been, as a team, working on sort of addressing everyone as guys less, right.

Our team is way more than 50% female, but I think colloquially, a lot of us will say, hey guys, as sort of a meaning of hail. And someone on our team said, hey, it feels very gendered, and it feels sort of like male norming, whatever, and try not to do it. And so we said, great, we'll try not to do it, and we've all made a bunch of efforts. And then someone on our support team basically made the slack bot. So when you say, hey guys or something similar in slack, it says, oh, did you mean folks? Oh, did you mean y'all? Oh, did you mean people? And whatever you say was randomly generated an alternative. This is an amazing thing. This is like very small, very sort of like lovingly supportive way to help everyone get better and not like, it doesn't say don't say guys, 'cause whatever. Everybody's trying their best. And so I think that's it. And then I think also, we talk about things that we did wrong, we talk about mistakes that we made, we try to do it publicly.

We try to be super clear in what's gone well and what's gone poorly without sort of blaming ourselves or blaming the person, and that creates this really open environment where we're solving a problem together as opposed to sort of trying to state credit. - Yeah, man, some of those techniques and what you... 00:12:25,680 That slack bot, that's really cool and really innovative. And it's just so sometimes the smallest things make the biggest differences. And I think what I've learned in my career is that you really can't judge a person's character until you throw stress into the equation. And how do they react to that? Do they blame other people? Do they stick their head in the sand? And I think that sort of the interviewing questionnaire work is a brilliant idea to be able to really dissect and get into that. So I love it, I wanna hear more about that, but let's talk about, you guys started with just the two of you, and I think you're 200 people now, you said, Patrick, just hired your 200th person. My guess is that, as with all early stage startups, so much changes, but then there's a lot of things that remain the same. So let's start with like what you guys have seen like the biggest changes that have occurred since the original idea, and getting value set up in getting off the ground. What were the biggest changes you encountered? - A couple of really big ones.

00:13:22,460 So the first was actually in pricing. We said, "Okay, why don't we... We'll sign some contracts, and people will pay us \$150 every time they get what's called the bequest." So every time someone puts them in their will. And this is brilliant because we calculated that people are spending about \$5,000 per bequest right now, this is gonna be great. And so we went on, people said, "Oh cool, this is great." We said, "Oh, this is wonderful. Go send this email to your whole email list and let's really see it." And they said, "Oh no, no, then I wanna get the most bang for my buck. So I'm gonna send it to the eight people who are the richest and the oldest. And I'm only gonna send to those 'cause that's the highest value." And realized that our pricing was actually working against success, 'cause people were afraid of being successful, which is the last thing you want. And so we (indistinct), that's one small example. Second is example is we thought we were gonna make FreeWill, and that was gonna be the thing, and that was gonna be the company.

And along the way, we saw that nonprofits, in particular said, "Wow, this is so great. And there's not a lot of innovation in this space and you all are clearly innovative. We have this new problem with giving stock. It's very cumbersome for our donors, it's cumbersome for us. Can you solve it?" And so suddenly, we became a two-product company. And then that became true with retirement account giving, it's more recently become true with crypto giving. And so now one of the leading providers of crypto donations to the nonprofit world, and that's really interesting. And so we didn't expect to be more than one thing 'cause we have this really good idea, that's the start. But it turns out that companies are sort of platformed. And once you have a great team in place and customers who believe in you, many of the best ideas actually come from outside.

Not just, not me and Jenny, not even our team, and so that's been really, really interesting. - Yeah, well it sounds like one of the attributes 00:15:06,640 are having really great listening skills, is too many people are either too arrogant and think they know everything, and know exactly what the customer wants. And it seems like you guys have the exact opposite of that. Been really great listeners and being in tune to your customers in your market, and what opportunities look like. My guess is there's some core things that have not changed that still make up the foundation in DNA of FreeWill. Tell me about that. - Well, I think one of the things you nailed early on 00:15:33,930 is this sort of humble inquiry that we are used to being wrong. Five years into a company, we could spend an hour telling about all the things we've done wrong or all the mistakes we made.

We don't expect to be right all the time. We expect to be rapidly experimenting, figuring out what works and what doesn't.

And so we really look for volume of ideas and then figuring out how to test those as quickly possible. And so that stayed really constant. A lot of that came from our lean launchpad work in the edge school with some of the great folks there, and so that's been really core. I think this sort of, this feeling of team first has been really, really valuable. I think a push towards diversity started with the two of us. We have a conversation a week into starting the company, realized we saw something totally different and then we we'd start to unpack it. Why? Well, because we had this different professional experience and then we had this different childhood. And this is... Why do we have that? Well, our parents grew up vastly different, right? And so we came with all this sort of different perspectives, which is a wonderful gift, but also really genuine attempts of understanding. And so that's been really true across the team, and I think a lot of companies start with two people who are relatively similar in a lot more ways because that's who you grew up with or that's who you worked with at Google or whatever, and that actually doesn't give you the same breadth, and I think that's been a huge value.

And as people come on who are obviously vastly different than Jenny and I, but sort of starting with the space of, "Hey, we're all gonna be different, let's make a big effort here" has been a staple since the beginning. - Yeah, Jenny, how about from your point of view? 00:17:07,660 - Yeah, I mean something that we didn't realize 00:17:09,720 was what we were really good at until we asked our customers part way in and has stayed true, is making complex things easy. Like we didn't know that that's what we were known for, but it turns out legal complexity, financial complexity, even during the COVID recession, a third of nonprofits went out of business and we just went out of our way to create PPP guides to help nonprofits be able to apply for funding because we knew that we could take something complex and we could put it in just normal human words. And that has, time and time again, ended up being a strength for us in our learn blogging. We provide a ton of content for free, for individuals thinking about estate planning, for nonprofits thinking about how to make their nonprofits sustainable. And we've begun to be really known for that as part of our brand. And it was just a reminder that you might not even know the ways in which you create value or the ways in which other folks kind of see you until you really ask the market. So keep going back and back, and back, again and again. - Yeah, that's awesome.

00:18:14,849 Hey, wanna remind the students out there, don't forget to post your questions into Q and A so you can bump those up. Man, you guys are known for just incredible novelty. You started with an incredibly complex business plan, solving a really big problem that no one's been able to crack that code on. You started with values and you also decided to be co-CEOs, which also, is quite unique. How'd that come about? And how do you guys kind of divide and conquer, and, or speak as one voice? And tell us a little bit about that, 'cause that's really cool. - It's such a joy, 00:18:48,783 and sometimes I wonder how people do it alone. I mean, I think that leadership can be quite lonely and having a co-CEO has been the best. It started out... a lot of people end up co-CEOs 'cause they can't figure it out at the beginning, and that's usually a mistake. We actually didn't start as co-CEOs.

So originally, I had come to Jenny with the idea, I ended up being CEO. Jenny was, among other things, sort of chief product officer, CFO, all these other things. And in about, gosh, eight months in, we looked up and said, it's not really reflecting how the company's actually running. We're really splitting things down the middle, we make a lot of decisions together. Jenny owns a whole big portion of the company. Patrick owns a whole big portion of the company from a decision-making standpoint. And also, I think we both are investing the idea of having more female CEOs in the world, but really, it was more the case that like, this was just how we were operating and it was worth recognizing that. Now where you can end up is people ask dad something and dad says no, so you ask mom, right? What it benefited from, historically, and continue to do so, is just hyper clarity of decision making and roles. So we are co-CEOs, we do not have the same role. Jenny oversees a whole bunch of finance and tech, and our people team.

I oversee a whole bunch of our sales and marketing, our partner success and some other things. And there are decisions where we can... either one can make it. And then when we're going to the decision together, the first question is always, okay, whose decision is this, before we get into negotiating it or talking about it. And because what you don't wanna do is sort of like split the baby and end up with a compromise. That's not really good, but it's sort of between what you think, saying, okay, well this one's Jenny's decision, means I can say, okay, here are all the things I know. And I trust that you're a brilliant person who is kind and thoughtful, and believes in free will and you'll make the best decision. And so you end up with like shared, sort of shared discovery as opposed to negotiation, and we end up with much better outcomes. Jenny, what did we miss? - Yeah, I mean, I think Patrick mentioned this a bit, 00:20:50,703 but being a CEO is really lonely, and having someone just to celebrate the highs with, but also to go through the lows with, I mean, I remember in the early days, the California Bar Association reached out and was like, "We are going to shut you down." And Patrick and I are still students at this point, we're like, oh my gosh, this is never gonna work. We are like dead in the water, month three.

And just to be able to take a step back and really brainstorm together, what are we gonna do about this and not have egos or titles, or things kind of in the way. I think that that was really helpful. - Yeah, have you guys ever had a disagreement? 00:21:28,350 A strong disagreement, and did you have a process to adjudicate that? - We have strong disagreements all the time. 00:21:37,360 We have tons of ideas, Jenny has an incredible background. I've learned a lot of things, and so we disagree. But you (indistinct) same process. And I think the old intel model of disagreeing can mean Jenny will make decisions, I'll make decisions. And then once it's made, we're 100% behind each other and it's been really simple and straightforward. - Yeah, that's awesome. 00:21:57,350 - If we never disagreed, you wouldn't really need two of us.

00:21:59,660 - Yep, you wouldn't be thinking outside the box, right, 00:22:00,653 ever be creative. Let's talk about what I think is arguably the most difficult thing with any startup, which is raising money. Because you're hiring people, you're also looking at what you're cash out is. You're always worried about that. You're always trying to raise money, it's incredibly difficult, it's not for the faint of heart. And Jenny, you spent some time around social impact investing, so one, talk about like what that is, and did you pursue that with FreeWill? If so, why? If not, why not? - Yeah. I mean, I think y'all had a great chat 00:22:34,530 with someone at Obvious Ventures before. So that's a great example of an impact investor. The way that I think about impact investing is that you have two things that you're optimizing for, right back to math mind. There's one, which is the ultimate value of the companies in your portfolio, which are generally determined by long term, how much cash does this generate for people who own shares.

And the other thing, which is some sort of mission statement. And when we were deciding how to raise our first institutional capital, there were two real questions we were grappling with. The first one is do we be a public benefit corporation or do we go out of C-Corp? And the second one is do we raise from traditional VCs or do we raise from impact investors or even other folks? I mean, being a nonprofit was on the table for us. So how do we make those decisions? In terms of incorporation, I think Patrick and I are both really passionate about the idea of a public benefit corporation, which is an entity, which in its bylaws says, what is a social mission that we're gonna solve? Meaning the very first legal contract you draft up as a company, it is written there. And the reason why we wanted to do that is because a public benefit corporation, unlike a B-Corp stamp or something like that, has a unique quality that if, at the end of the day, for example, you wanna sell, and there's a big offer from a for-profit company that has nothing to do with your mission, and there's a lower price option from another company that will be a better steward of your mission, you have the ability and the fiduciary duty to your stakeholders to be able to take that lower offer for someone who cares about your mission. And that's an amazing amount of protection to have as a company, in order to really build that legacy of a company that's pursuing a particular thing that's not just profitability. So we decided to do that, even though the day before we went out for fundraising, someone from Greatlock said, "Absolutely don't, you'll never raise money." It turns out no one even asked us in the seed process. They were like, "Ah, I see your metrics, they're good. Can I give you money?" And so that was a much easier process than we were warned against. And then the second thing around who to take money from, it's a really...

it's something that I really encourage folks to put thought into. We said that we wanted to go after traditional VC. And the reason for that is because we said, we want folks who are going to push us as hard on the financial metrics, which is an area we wanna be really strong and healthy in, in the early days as much as possible. And we believe that because we have this public benefit corporation protection, that a lot of these folks live in BC land and aren't just impact investors. So we wanted to open up scope to both of those sets of folks, but every company is different and not every company is a good fit for traditional VC. They have a very particular model which is very boomer best. They want one out of like 20 portfolio companies to work and all the others go to zero, and that's fine for them. That might not be what you want for yourself as an entrepreneur, and it might not be what your mission needs in order to be successful as a company either. - Yeah, well, one, I think you're, again, 00:25:47,460 trailblazing in another area 'cause that's... The early stage company I'm involved in, we wanna make that shift and we're getting lots of pushback.

"Oh, the capital markets aren't really used to that, and you're gonna be potentially diminishing your valuation," and on and on. And I had the courage to push through that, and it sounds like you haven't had... that hasn't been a factor for you. And I think, one, I applaud it because, as you know, the C-Corp has one fiduciary responsibility, increase shareholder returns, that's it. Increase shareholder value. They don't care about employees, nothing in the bylaws about the planet or social issues that we're dealing with, and that's it. And when you change that dynamic, where you're in your bylaws, and the way that the company is run, and have a fiduciary responsibility to that, it's a game changer. My guess is that your board meetings are different, and have you seen any pushback at all and have you made that decision? - Toby, you know, 00:26:42,690 Xia knows I don't really like playing defense, would much rather just play offense all the time. And so people would say, "Are you worried about the mission?" And we'd say, "No, that's like the secret sauce." If you're talking to investors and they'd push back on it and say, "Have you talked to any young person in the last 10 years?" They all wanna work at mission-driven companies, right? Clients wanna work with mission-driven companies, other investors wanna invest in mission-driven companies. And so is this a weakness? No way, it's a strength, and it's more likely to result in great outcomes.

And that sort of shut folks up pretty quickly and we got to move on to whatever the next question was. - Yeah, I love it. 00:27:15,240 I just love the courage, I love the conviction and I love thinking outside the box and doing what's right, 'cause it's challenging, with the current antiquated funding models, and everything capital markets, et cetera. So dovetailing onto that, I think you just raised a nice chunk of money into series B. Talk about how that gets spent. Is it focusing on profitability, growth? How do you adjudicate between those two? How much goes into product development versus customer success or what have you? What does that process look like? - Yeah, I mean, there's no secret formula. 00:27:51,453 like 20% this, 10% of that. For us, a lot of it is going into growth and product development. And why, when we look at this market, we just see that nonprofit tech does not have much investment, which means there's a lot of opportunity for us to create new, helpful things for that market. But the decision to fundraise, actually, was the interesting one for us.

We're not the type of company to fundraise as much money as possible just because we can. And in large part, because of that discipline, the employees at FreeWill still own a ton of FreeWill, they haven't been diluted and we have a lot of control over that mission. And I think one principle that we have gone by is if we're fundraising, we're gonna know in advance exactly

what those investments are gonna go into. And we are going to have expectations around what is that going to return, both in terms of shareholder value as well as service and mission to the market. So had we not seen growth opportunities, we probably wouldn't have fundraised because we have a healthy company. - Yeah, and I think related to that, how do you... 00:29:01,920 what does the process look like for adding new products or services as you're looking to invest and expand, and how are those prioritized? How are those viewed? What does that look like for you guys? - It's a really interesting dynamic, right? 00:29:18,970 Because we end up as sort of this center of innovation. We have lots of our team is thinking about new ideas all the time, and also doing a lot of deep listening. So it's not just us, it's frankly, mainly not us listening to what the sector wants. And so we'll hear an idea once and it will go in the back of our head and we'll think about it.

We'll hear it 10 times and we'll start to think, "Oh, should we do something here?" And then what are the questions? The questions are probably threefold. One is what is the TAM, total addressable market, or sort of, if it goes well, how well can it possibly go from an impact standpoint? What's the incremental giving or something else that might happen this way? Second question, from a revenue standpoint, what's the total TAM? How many people could pay for this? What would they reasonably pay? How many of them are? What does that look like? And the third is focus is a core value of ours. And so what is the opportunity cost against the things we're currently doing or the other things we might do in the future, that if we do this, it's probably gonna shut off a couple avenues, right? 'Cause it's very hard to sort of unring a bell once you get a product in the market. And we actually just... we just pulled one back in this bare to focus and it's a hard thing to do sometimes, but it's really served us well. And so that's what I think how we think about it. And then as much as we can, we try to run, we run beta tests with a dozen clients who are most interested and we'll see how it goes, and we try not to launch things otherwise. - Yeah, you touched on a really important point, 00:30:42,360 and it was amplified during my of time at Tesla, working with Elon, which is most companies can fill whiteboards of cool ideas and cool things to do, and out of the box thinking, but the real great leaders, it's really more about what not to do versus trying to boil the ocean. And so I think that's also a remarkable trait, and having that discipline and that focus, 'cause it's very easy to get off track and get spun out about not relating it back to your core mission and your core strategy, and how to really move the needle, so that's pretty awesome. Let's talk a little bit about your customer base, getting wills together, and my guess is that most of them are baby boomers and kind of in the late stages of their life.

So has that impacted how you built the site and building the customer experience? So this is two part question, that's that. The second one is my students were quite intrigued. They're obviously not thinking about their will. So the second part is like give a pitch why they should get involved now in this process. - I can take a crack at both. 00:31:42,530 So in terms of serving baby boomers, it's awesome. Y'all do more of it. It's another underserved market. And I think a key thing we learned is it turns out... I was looking for resources at the D school around what is great UX for baby boomers or silent generation.

And it turns out all the answers to that are just the same answer as what is great UX. Like it turns out that if you build with fewer options and big fonts and really high contrast, everyone loves that UX. And so in terms of the impact that it made, I think one, it made us very aware of those trade offs, and probably for the better. We have a 4.9 rating on Trustpilot, 'cause people really like using the product regardless of their age, so that's been pretty amazing. And to your second question, well, Patrick, do you wanna take the second question, stop off? - I mean, the pitch is like just do it. 00:32:46,128 You're probably not gonna die this year and neither are the three of us, but you never know, and it can take about 20 minutes, and you might think, I'm a student, I have negative money, I've got a whole bunch of loan. But like you have some stuff you need to figure out with someone... what does a funeral look like? Is it gonna be religious? Is it gonna be... Are there sort of specific people you wanna talk there? Things like that, what song plays. All these things are actually just like...

it's fundamentally not for you. You're like the only person who will never, ever benefit from your will, definitionally, but like for the people who love you, are gonna take care of you, and sort of take care of what happens, it will be so incredibly meaningful. And I've had friends who passed away without wills, and it's really hard on the family and an incredibly hard time. And I had friends who have much older relatives who passed away without a will, and it's really hard for them. And so I would do it, but I would also sort of tell your parents and grandparents, and other folks to get on it as well. And the most compelling way to get that is that for you to do it yourself and then pass it on to them. - Yeah, well, I think too, 00:33:50,820 my guess is that this is a dynamic process. And as you're going through different changes in life, wills and living trust can be updated and can be changed as you go. So you're not locked in from the day that you get that set up. - Yes, also not giving financial advice, 00:34:08,070 but for anyone who has cryptocurrency and does not have anyone else who has your keys, those are gonna go nowhere if you don't have something like this in place.

So think about your pets. At some point, you'll be thinking about kids and houses, and things like that, but for now, get some safety in place. - Yeah, I think that's a really, really good point. 00:34:29,420 Okay, you guys both had some really, really interesting careers, different ends of the spectrum, so to speak, before you founded FreeWill, but could you share your role and experience that you think most prepared you for your job as founders and co-CEOs? - I think my answer is the experience of just doing it. 00:34:55,570 The thing that drew me back to FreeWill was working on Paribus with two co-founders, who I thought, like we were friends in college, we were a year outta college. I thought we have no chance to make something cool. I certainly don't see entrepreneurs who look like me, who have been successful all the time. And it was that experience of getting to talk about all the possibilities of the product and dive into just logos and colors, and names, and getting to create something from nothing. And knowing that if we hadn't done it, that impact wouldn't be there. That felt really special.

And we only worked on it for about six to 12 months before I said, you know what? Immigrant parents, no financial fail safe. I'm gonna go and take a safe job. You know, imposter syndrome, I don't feel like we could do it, and I ended up taking a corporate job. And it was two years later that that company, Paribus, exited to Capital One, ended up being huge and gave me the savings for me to go to business school, and for me to found FreeWill. And so it was just a reminder that like anyone can be a great entrepreneur. What you really need is the ability to dust off when you fall down, and keep going. That is the number one thing that you need. So that was really meaningful for me in the early days, to learn that. - Yeah, how about you, Patrick? 00:36:21,760 - I had no real business background 00:36:23,610 before going to grad school. I never thought I was gonna be a CEO, had worked at nonprofits, had worked in politics.

I think the job that really changed my life as I was working, right after President Obama got elected, so working at Democratic National Committee, running the whole email list that had been built during the campaign. Just a bunch of folks went to The White House where you can't do political stuff. And we would just run endless experiments. There were like 10 million people on the email list, so we could try everything. And just to give you a taste of it, on a credit card page after you clicked on an email, if the president's picture was on the page, we realized, oh, that would increase donations by 10%. And by the way, if Barack is facing the credit card form instead of facing away from it, it's another 10%. We just discover these things. And I think it really sort of shaped my view of, hey, you're probably not right, so let's just try as many things as possible and see what happens. And even when sort of coming up with the idea of FreeWill, I was in the process of writing down four business ideas every day for months. And there are some really horrifically bad ideas in there and that's okay, there are some decent ones.

And it's just sort of like idea, idea, idea, try, try, try, try, try, and things work out when you do that. We're just unlikely to be right on the first try anytime, and so many entrepreneurs, I think, just think, oh, I don't have the perfect idea or I tried it and it failed. And I think it's not like, yes, persistence is helpful, but also just like endless creativity and willing to experiment as opposed to getting so tied to anything really changed my life in a big way. - Yeah, well, in addition to Jenny, 00:38:01,850 you talked about resiliency, and that's critical to part of the form of having a successful startup, and Patrick, through iteration and working through that. There are so many students out there, entrepreneurship is exploded across every campus around the world now. It is the hottest topic. And lots of folks are wondering, if you were to give them one or two things to focus on, or activities or books to read, or what that might be, what advice would you give those students out there listening to today's podcast? And then we'll open up for some Q and A. - The top thing that comes to mind 00:38:39,943 is it's all about the people. Your best moments in running a company are gonna be about the people. Your worst moments are gonna be about conversations you have to have with people, and be kind to the people around you, it's a long marathon, and be kind to yourself.

- Fantastic. How about you, Patrick? 00:39:06,150 - You know, I think one of the reasons 00:39:08,700 FreeWill is successful is 'cause Jenny and I are weird, and find some things that a lot of other people find boring, really interesting. The overlap of philanthropy and estate planning, and tech, like it's not a really big venn diagram overlap in terms of people doing that stuff. And I would think about... It's very easy to get caught up in whatever, the 10 other companies you've heard about. But if you know 10 companies, there are probably 1,000 of them, and think about what are the things that you find much more interesting than other people do, and that's a really interesting space. And then I would say you can't spend enough time thinking about, or building a co-founder relationship. Like I think, every day, how lucky I am to have met Jenny and you just... Anyone can tell you this and I'll tell you this, and you'll forget it tomorrow anyway. But like you have no idea on week one that it's gonna be a five-year journey, where you spend 10 hours a day for a half decade, and hopefully another half decade, it may be another decade and a half, with the same person, solving problems.

And like, yeah, we spent a lot of time, we spent a full meeting on values, for an hour and a half or three hours. And like nothing can prepare you for it. And I think we just got lucky, but as much as you can sort of build your own luck there, both by making sure you find the right person and then really working on the relationship, like that is just, it's sort of fundamental to everything. - Yeah. 00:40:29,590 Well, we're gonna take some questions from the students, but my two biggest takeaways from today's discussion are number one, reminds me, you guys remind me of the antithesis of a Steve Jobs ad back in the Apple days, in the '80s. I don't know if you guys were even born then, but it was basically when something like this, it's the crazy people that actually think they can change the world, actually do. And you really embody that, and your innovation and just constantly thinking outside the box on how to solve problems, and it's just awesome. I think that's just the main staple of really great entrepreneurship. And two, I think that to really define what a modern 21st century human looks like and acts like, and values, and it is really uncommon. Most of the startup world's about the product and about your balance sheet, we didn't talk about that once today.

And it was really about the human side of it, and I think it's just incredibly refreshing. I love what you're doing, I applaud all your work. I need you to share just some amazing info sight, helpful insights in this really short period of time. So anyway, thank you so much. So we got a whole bunch of questions piled up here. First one with the most up votes is in that first meeting, when you talked about shared values, do you recall any values that you considered, but decided not to emphasize, or practices you knew you wanted to avoid? - We have lists of probably 100 values words. 00:41:59,940 And I think the thing that struck me from that exercise was it's not actually about the word. It is about how you define the word and how you act the word. So whenever we came to disagreements, for example, we were talking about transparency, like should transparency be a value? And when we really dug into the why, like why do you think transparency is a value, we would say something. And

then like we picked another values word and it was like why, and you dug into it.

And we're like, ah, the common theme behind the reason why I think transparency is important, is because it empowers other people. It doesn't... You treat them as an equal because they have privy to the same information that you do. And like underlying that, really, it's about kindness, it's about respect. And so through that exercise, it's not to say that transparency is a bad value, but it's to say like, okay, are you finding themes in the why behind the words that you're picking? And then just a word that means that for you. So that's what I'd say to that. Patrick? - Yeah. 00:43:02,700 - I think actually transparency was the same memory 00:43:04,760 I had because there, like we are transparent 95% of the time. And I think there's sometimes when transparency, really, is an on to it with kindness, for instance. So Toby, let's say, sorry, bringing this hypothetical, we had to let you go yesterday, and maybe it was bad behavior, maybe it was low performance.

Maybe it was something else, whatever. And like we're not gonna tell the whole team why we let you go, because it's gonna hurt your ability to get a future job. It's gonna, maybe it changes the opinion of people who liked you. And then people are like, well, that's not transparent. Like, great, we'll take it. We'll take someone being mad at us for a little while so that we don't throw you under the bus for this. And that's where... So we try to be transparent all the time, but it's not our sort of like number one flag that we wanna hang everything on, and so that's- - Yeah, well, my guess is, too, 00:43:53,370 I've been in those shoes too, and it's always difficult because it's not personally why you're letting that person go, they're just not the right fit. And I think that my guess is I've always tried to roll-reverse, where if I'm the one that's being let go, how would I want that person communicating that information for me? I think if you can do with dignity and grace, even though it is painful and it's a tough situation, and it sounds like you guys really live by those values, so that's pretty awesome. Okay, next question.

It sounds like neither of you were particularly technical. How did you navigate the technical elements of your product? Decide whether or not to bring in a technical co-founder. You're dealing with hosting and security, especially with the work that you do. How'd you guys solve that issue? - Yeah. I mean, I think one thing to think about 00:44:40,050 is what is a superpower that you need for your business to be successful? And at our place, we have amazing engineers working on the team, we had an amazing technical co-founder, I'll talk about how we met him later, but it's really the business model that is the innovation in what we do, and less so technical innovation. And a lot of businesses are like that, and it's okay, even though it sounds like, scary to say, it's Silicon valley where like engineering and technical co-founders are king and queen. So that's one thing, but we were so fortunate, I was taking web apps at Stanford, and my TA was like, "Ah, you are not dumb, and I like you as a person. And you're clearly working on something on the side instead of paying attention in all the lectures, and things like that. So what are you working on?" And so that's kind of how we started the conversation. But up until two years into the company, I was still checking in code, and my team couldn't wait to get me out of it.

They're like, go do product, please. But yeah, in the early days, you kind of need to figure out what is the minimum viable skills or team that you need in order to get this thing off the ground so that you can test and see if the market wants it, and that's what we kind of built around. - Yeah, that's awesome. 00:45:59,070 Startups are hard and they're way more problems and they're way more difficult times than good times. But I imagine there's some really, really bright spots. So if you guys were to look at the one thing that brings you the most joy or has, through this journey, what would that be? - I got totally caught off guard 00:46:18,950 by what turned out to be the answer, because I would've thought it would be signing a big client or even like crossing a billion dollars in giving is a huge deal. And what it really is is getting to promote people. And it's something I just like didn't expect it. I didn't promote anyone for the first six months or year of the company, 'cause we have employees and they did their job for a little bit. But the people that come in as interns that grow into employees, and grow into managers, and grow into leaders is incredible.

And just being able to watch the growth that you supported, that everyone around them supported, that they supported themselves in promoting and people get repeatedly promoted, that's amazing. And being able to see people who are sort of building their career at FreeWill, and not just having a great time, which I think they also do. I never expected it to be the happiest part of it, and I think it might be. - Yeah, I mean big plus one to that. 00:47:14,950 The other thing that comes to mind, also a surprise, is we get a lot of messages in from users who say something like I'm in the hospital, I'm gonna die in the next week and you are able to provide me a really important service to me and my family for free, and otherwise, I wouldn't have been able to do it, so thank you. And I think I'm just tearing up kind of thinking about it, but a lot of folks say you work in death tech, that must be so depressing. And I actually think it's the opposite of that. It is so uplifting to hear from people, and even in product, be thinking about folks when it's really about your values, the people that you care about. And when folks use the product, they end up at the end of it being like, "You know what? I gotta spend 20 minutes thinking about the people and things that really matter to me, and that was really nice." And so just encouragement for folks who are exploring that space, that it can be really fulfilling. - Yeah, that's a deep story, thanks for sharing.

00:48:15,633 I hadn't even thought of that. So that was pretty deep. Related to that, we all know nonprofits never have enough money, they're always worried about how they're gonna support their staff, where they're gonna raise the next chunk of money. And so they don't have big budgets, obviously. So I think, and I'm actually interested in this student question as well too, but the question goes like this. Seems like the harder stakeholder onboard of the nonprofits. They do not have the budget enterprises have. And what unique nuances and differences from the traditional tech did you notice and use to your advantage to hack your way into accelerating, onboarding these nonprofits? - It is different, but in positive ways and negative ways. 00:49:05,950 Small businesses have even more turnover and tighter budgets than nonprofits do in many cases. And so

there are a million and a half nonprofits in the country, and so the Red Cross, and other ways of the world, operate very differently than sort of the first baptist church down the street from you, and so it's a whole range.

And even within the nonprofit world, there are vast differences. What's the hack? I think really, really, really giving a damn about nonprofit employees has been some of the secret sauce. And why is that? 'Cause everyone cares about the mission. And in some ways, the employees are expected to work for as little as possible, as hard as possible, or also not really in it. And also, there's a lot of turnover in the nonprofit world. So they're not getting a lot of training, there's not a lot of sustainability. There's not a lot of like management best practices and things like that. And so we put a ton of effort into making their jobs easier. And just as an example, during sort of peak COVID, Jenny put a ton of time into creating a guide on how to get some of those PPP loans. That is not our job, it's not really related to her thing, but we had done a little bit of work around it.

We knew, Jenny's very financially savvy and we distributed, I think, like 10,000 of those guys. Like literally saved a ton of people's jobs just by being able to implement that. Nothing to do with, and people get it, you can't fake it. And we don't sort of like care about our... like care about those folks as like a cool marketing hack. It turns out it is a cool marketing hack, but it's 'cause it's actually like what the company's built around. And so as much as possible, we try to think, what are the things you're dealing with and how can we make them easier across the board? And that's built, I think, a lot of really big fans and evangelists in this space, that wasn't true two and a half years ago when we weren't able to really go to bat for those folks. - Yeah, I think, as you guys know, 00:50:55,070 scaling a company is incredibly difficult. You're obviously navigating that. But one of the questions which I think is super insightful, how do you scale the values? My guess is that you're gonna be 1,000 employees in the not too distant future.

How do you scale the values? - This might be a disappointing answer, 00:51:16,913 but I actually think it's easier than you think. One thing Patrick and I talk about a lot is the kindest value, it's not that we believe that some people are intrinsically kind and there are other people who are not kind. It turns out if you put the folks into a kind environment, they end up being the kindest version of themselves, and that perpetuates. So I think the key learning is just figure it out in the early days. And if it doesn't feel right, like make it right in the early days, because everything you put into place in the early days is going to perpetuate. Yeah. - Yeah, Patrick, can you sauce on that? 00:51:51,571 - I think the other thing about... 00:51:56,350 that's interesting and strange for us is at 200 people, and presumably beyond that, like if you're not bored of hearing yourself talk about the same things all the time, you're not doing it right. And Jenny and I both like new things, we're very creative, whatever. And like a dozen people started at FreeWill last week, and like a dozen more are gonna start next week.

And we have to say, we have to continually repeat the values that are helping people understand the model, and in a way that feels silly coming from us, but for a lot of people, it's the first or second, or third time they've ever heard it, especially in a remote environment. And so being willing to be repetitive and be consistent, I think, is a real key there. - Yeah. I've got time for a couple more questions here. 00:52:36,210 Here's a good one. What's a good resource you'd recommend for learning more about public benefit companies in both their downsides and upsides? - I don't know, do you? 00:52:49,070 - I don't know of a lot, 00:52:52,870 but I will say the one person I learned a lot from is someone, Tony Wayne, who has been deep in the space long before it was cool. He now has his own law firm called Mission Law, which is appropriate, only working with social mission-oriented companies, and any content that he would put out, I would follow that or reach out to him, tony@mission.law. Tell him I sent you. - Yeah, there you go. 00:53:21,740 - There is almost 0% likelihood that your company fails 00:53:22,932 'cause it's a public benefit corp, but it wouldn't otherwise.

Like don't spend time stressing about this, make it or don't, you'll be fine either way. You can totally start a mission-oriented C-Corp, but do it and then focus on making sure you find product market fit and great people to work with. Like this is not, this shouldn't be the area of angst for you, there's plenty of other things to stress about. - Yeah, really great advice. 00:53:43,840 All right, we've got time for one more and then I'm gonna wrap it up, so... And this is a really great question. Since the amount of donations ultimately defines the value of FreeWill for the nonprofits, do you get any repeat donors? If so, how do you engage users to keep them coming back to donate even after they have created their will? If not, are you considering attempting to expand your products to retain repeat donors? And that (indistinct) me, so there might be... Are there a way where they come back and actually have given, let's say 10%, and then a year or two years later, they increase that? And then the second one is, are you thinking about... I think I read that about 30% of your users donate, so that, obviously, 70% is also some low hanging fruit. - So yes is a short answer.

00:54:26,710 Folks come back, and on average, they will increase the amount of giving. More charity is more amount over time rather than decrease. But another thing to be aware of is we launched a whole suite of real time giving tools. So stock giving, crypto giving, all that sort of thing. That is an annual or more activity. So we absolutely think about the user experience in order to bring folks back to donate to the cause they love. - Patrick? 00:54:52,890 - Just what Jenny said, 00:54:55,470 that I think that planned giving was our start, but we've really expanded into all other types of giving that we think of as sort of the big, complex, meaningful stuff. And by the way, if you're working on crypto products or NFT products, and wanna think about how do we weave charity into that, just let us know. We're constantly thinking about, not just what's happening now, but where philanthropy is going, and how can we help nonprofits navigate those difficulties. (upbeat music)..