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Emmy Sobieski, CFA, is the chief operating officer of Competitive Storytelling, Inc., which helps venture-backed founders from seed and beyond tell their story through methods such as the Founder Fundraising Program. Sobieski is also the author of the book *\$100M Careers: The 5 Fastest Paths to Wealth Beyond Your Wildest Dreams*, released in December 2022. In this conversation with Mo-Yun Lei Fong, executive director of STVP, the Stanford Engineering Entrepreneurship Center, Sobieski shares her advice on how to develop personal skills that support building wealth and a successful career.



Transcript

Narrator Who you are defines how you build. 00:00:07,980 - Hi everyone, I'm Mo Fong, 00:00:10,500 and I'm the Executive Director of STVP, the Stanford Engineering Entrepreneurship Center. I'd like to welcome you to the Entrepreneurial Thought Leader series presented by STVP and BASES, the Business Association of Stanford Entrepreneurial Students. Today I am delighted to welcome Emmy Sobieski to ETL. She is the Chief Operating Officer of Competitive Storytelling, which helps venture-backed founders from seed and beyond tell their story through methods such as the Founder Fundraising Program. Emmy is also the author of the book, "\$100 million Careers: The Five Fastest Paths to Wealth Beyond Your Wildest Dreams," released in December, 2022. She ran the Nicholas Applegate Global Technology Fund, the number one fund in 1999, and has 25 years of experience as a professional technology investor working for funds of various sizes and strategies. In the past five years, she has taken on executive, co-founder, and advisory roles at multiple technology startups and hedge funds. She was ninth in the 2005 US World Cup Trials in dressage, and has been nationally ranked in body building, track and field, and dressage. She has also placed in the top three for her age group in both marathons and ultra-marathons.

Thank you so much for being with us today, Emmy. So great to have you. - Thank you so much for having me. 00:01:34,080 I'm really excited to speak with you and the students. - As are we. 00:01:37,890 So before we dive into the world of entrepreneurship and competitive storytelling, can you help us understand what is dressage and how has your participation in competitive sports shaped who you are today? - Dressage is the French word for training, 00:01:58,040 and what it was used for is back in the day, before we had tanks, horses were what you used to fight a war. And if your horse got shot or killed and you got on another horse, you'd need to know that it would respond to the same aids. So, you know, if you tell it to go left, some horses, you use your left leg to tell it to go left, other horses, left leg says go right. So if you get on and you go the wrong direction, you could die. And so they had competitions.

Germany especially had competitions from when the horses are young until they're trained for war so that judges in the military could say, "Yes, these horses are all trained in the same system. The riders are trained in the same system," so that if a horse or a rider dies, you can interchange them just like you could a car today. So that was the background of dressage. And then when we started using tanks, then it became an Olympic sport much more just for beauty, and as they call it the sport of kings and queens because it's so expensive. And what I learned in dressage was I learned how to win, and I took that to all of

my other sports. And here's what happened. When I was 16, I didn't have a lot of confidence, and 15, and so I would go, I would've prepared really well, trained really well, done my best, and I would go in that competition and maybe one to two moves before the end, and they're judging you the same way that they would judge say a figure skating, they're giving you between a 0 and a 10 on each move, and they watch your moves and score you. One to two moves before the end, I would make a small error and then I would get second or third in the class. I would always be doing some little thing to hurt myself. And I finally had a coach, one coach actually just knew that I was good and I kept doing things like going a little bit off course, and so she pulled me halfway off the horse, this wouldn't really be allowed by Safe Sport today, but kind of pulled me by my collar halfway off the horse before I went in the test and she said, "If you go off course again, so help me God, I'll kill you myself." And then I went in and I started winning.

And the same thing happened when I moved to New York. I found another trainer who really believed in me. And again, I was at a higher level. I felt the pressure again. And I started to get that feeling like, "Oof," and making these little errors, and he believed in me so much that I started to believe in myself and I learned how to win. And once you learn the feeling of putting out your best and doing it all the way until the end, not doing it until two steps before the end, or starting to think about how did that speech go, or how did that performance go, or how did that test go five minutes before it's actually finished, to just really finish strong and to learn that, then you can take that into everything you do in life. - Absolutely. 00:05:18,587 Oh, thank you so much for sharing that story. I know students who are just beginning to think about entrepreneurship, they may feel a little imposter syndrome, right? Like, "Can I do this?" And then it gets hard. But what you're telling us is like, just try to finish the race, right? And have that coach next to you that really believes in you.

And thanks for the history of dressage because I was like, wow, that's, you know, first of all, thanks for the pronunciation. It's like French, right? Dressage. And it's really that history is so high stakes, I'm glad that sport has changed over time. But, you know, even entrepreneurship seems really high stakes at times, right? But I think we just have to apply ourselves and go for it. That's awesome. You know, you wrote this book, "\$100 Million Careers," and I read it, I loved it, and there's a couple of things from that book I really wanna dig into with you, some of the concepts you put forward. And I love Robbie Crabtree's foreword in your book, right? And he said, you know, and I'm gonna read just a snippet of it, he said, "Emmy's lived an extraordinary life filled with so many lessons and so much wisdom. It was the stuff out of a movie. She was friends with industry titans, watched coworkers go to prison for breaking the rules, and had a track record on Wall Street that just blew me away. Most people would take those things and become arrogant.

Emmy's never been about that. She gives generously and stays humble through it all." And that just speaks to me because, you know, in STVP, that's what we say. We have humble audacity. So how do you stay grounded, right? Being like with industry titans and amazing people that you're meeting, how do you stick by those values that you live your life by? And what would those be? - One thing I'll mention, I've worked for four billionaires, 00:07:08,040 and their lives are not perfect. And I know multiple people who have spent 3, 6, 10 years in jail. And so when I look around, when I'm in these crowds of wealthy and powerful people, first of all, a lot of them are not happy, and second of all, a bunch of them don't have their freedom. They're in jail. So it's not really what I wanna optimize towards. You know, like you get that hubris and you're miserable. And so the key for me is to do my best every day, get a lot of joy out of doing my best every day, and not iterate out of optimal.

So if I find a nice balance, like I have working for Robbie, where I get up in the morning, I go for a walk with my friend, then I go to the gym for a couple of hours. I've told Robbie when I was joining him, I'm gonna be working out and fueling myself for the first five hours of every day, and I'm available after 9:00 AM. I start at 4:00, 5:00 AM and I'm available after 9:00, 9:30 AM, and I'm available for the whole rest of the day. But that beginning is for my health and self-care. And often, I'll get all kinds of offers to be on a webcast or do these interesting things in the morning, and I have to remind myself, "Don't iterate out of optimal." Now, there was a story that you and I were talking about before that is the other piece of this. So there's one piece which is stay grounded, know what true happiness is, know that happiness is individual, all that kind of stuff. And the other piece is don't get starstruck by these people because these same people are gonna be the people running unicorns that you think you've got to get in their unicorn, but something's a little bit off and you've got to pay attention to that. So would you like me to share that story of that startup? - Yeah, absolutely. 00:09:22,470 Like when have your values been tested, right? This is a great story about that. - Well, yes, and early and often my values have been tested 00:09:31,830 because when you're living in the world of money and people want performance, they get nervous and they think, "Well, maybe you need some insider information." And I really believed that all I needed was to do great analysis and pick the companies that I thought were gonna be winners.

So that's kind of an overall. But this was the case where I had been an institutional investor for 25 years. I wanted to move into corporate. Nobody would hire me in corporate. Basically, the feedback was, "You're too senior for your lack of experience," which is, you know, borderline not legal commentary from people that are executive level, but fine. And so I moved on because I really believe, like Byron Katie says, you've gotta love what is. You can't wish what should be. And so I built my own small coaching and course company, and learned all kinds of things that startups need to do: growth marketing, social media marketing, sales, forecasting, all of these things that are more operations. So I kind of taught myself that, and then I got a call from someone who was willing to hire me at a vice president level. And the first job that he asked me to do really was, it was trading in all hours.

It didn't seem like it was what I wanted to do at my stage in my career, so I said no thank you. And then he said, "Well,

what about being vice president of platform expansion and doing partnerships and all this?" And I was like, "Wow, that's super interesting." So I moved to Las Vegas to join this company called Coin Cloud. Now, I was there about four months and they said, "You've gotta do that first job." And by this time I'd learned a little bit more about that first job that they had offered me, and I wasn't entirely sure that it was legal. And when in doubt, don't do it. And they said, "Unless you do this job, you need to leave." And so my response was, "Would you like me gone today, 48 hours, two weeks? Your choice, you know? I can transition things or I can just pick up and leave right now, no problem." And after I left, the person that I had hired there, who was a brilliant crypto options trader, if you can even believe that's a thing, he was brilliant, he found a mispriced Oracle and was able to purchase for five, he was able to purchase this coin for \$5 that then turned into \$3 million in one day off of that one trade, and he - Can you repeat that? 00:12:25,530 Repeat that one more time? - He bought the coin for \$5, 00:12:31,020 and by the end of that day, so eight hours later, it was worth \$3 million. I have never seen anything like it. His overall performance was up 800% in six months. He was brilliant. They agreed orally to pay him half of, you know, what he, 'cause he said, "Look, this is different. This is not my normal trading job."

This is just, I found this thing, I don't have the time to move it into my wallet. This would be something I would do for my personal account. It's not really an institutional thing. Could we just share in the profits?" They said sure, he made the trade, and then they reneged. Now, when you continue to... So this is the first thing to look for when you're looking at companies. And I saw it again back when I was just graduating from my MBA in 1994. I tried to get a job at Provident Investment Counsel in Los Angeles, and they basically said, "We already have one woman portfolio manager. The only other women we're hiring are secretaries." And I thought, "If you're not sourcing from 50% of the talent pool, you're gonna fail." And lo and behold, 2008, when we had the financial crisis and all kinds of terrible things were happening, they went bankrupt. So go back to Coin Cloud, very similar thing.

They had a \$100 million loan now because the CEO was convinced that Bitcoin was going to 100,000. And you could look at it, the Coinbase IPO came out, and that topped the market, that topped all, and the market just started, Bitcoin went to 67,000 that day, and then then just started going down. And after nine months of going down, you gotta realize it's not going to 100,000 and maybe change your bet. But he just dug in and stayed with that bet, and they used the \$100,000 loan to be able to keep all the Bitcoin and make these directional bets on Bitcoin while trying to build a Bitcoin ATM business. So they took a business that had in 2021 300 million of revenue, tripling every year, and now it's zero. Now it's bankrupt. And so the lessons for me, number one, when you start making bad errors like firing someone that makes you \$3 million in one day and telling someone else, you know, doing a bait and switch to trick me into doing a job I told them I wouldn't do, when you do that over and over, you're not gonna have a successful company. But the bigger lesson for me is you've gotta know what your bet is. So they blamed FTX contagion and this loan that was over at Genesis, but that wasn't the problem. The problem was they had a leveraged bet that Bitcoin was going to a 100,000 and it went the opposite direction.

And so it's like they didn't take responsibility. They didn't take responsibility, so then they didn't even look at themselves and look at that trade and question it, and so they just took the thing down the drain. Anyway, it's a very long answer to it, but the big things are to take responsibility for, you know, that the buck stops with the CEO, but each person down the line that can take responsibility for their own actions and be self-actualized really helps the company, and then bad decisions compound. - And so what advice would you give to students 00:16:10,890 who kind of see things going south? Like, how hard was it to walk away? And how did you do that gracefully so you don't burn bridges on the way out? Assuming that you wanna keep any of those bridges. - Yeah, no, I did not want any of those bridges. 00:16:27,990 But there are other ways to exit. When someone is, and I had a coach that was helping me through this, and he's like, "Well, maybe you can, you know, find a common ground." There is no common ground. They're asking me to hold client assets on my personal cell phone, and I'm not a registered custodian, and I'm a chartered financial analyst, and so I truly know that that's wrong. So there was no common ground for me. So for me, the thing is try to get yourself out of the explaining game.

The bottom line... And so when I have exits that are gonna be a little uncomfortable, I try to stay high level. Look, I'm leaving. I'm not gonna have an argument with you. Like, I'm leaving. What do we need to do to have that happen? And how would you like me to leave? So I don't get into the, "You did this and I disagree with it, and you tricked me into coming to Las Vegas, and you did the bait and switch," because then they're gonna get into it. Now you're in the muck and now you don't have a good exit. So I try to keep it extremely high level. When I had a partnership for a hedge fund that I had to exit, same thing. Keep it very high level.

"Listen, I have decided to exit. What do you think is the best way to let the investors know? How can we do this in the most smooth way?" So you just keep it very high level. - Wonderful. 00:18:00,090 So we talked a little bit about exits. I wanna bring us back to the beginning of an entrepreneurship journey, which is about setting goals, right? And I think, you know, you're definitely an entrepreneur at heart and throughout your career, and we've spoken about the importance of setting aspirational goals as an entrepreneur. And so for many of the students getting to college and maybe getting to Stanford was the aspirational goal, and they've achieved that, right? So what's next, right? Can you tell us a little bit about how you think about goal setting? Kind of like the Goldilocks effect, like it's too low, it's too high? And, you know, what seems just right? - I'm gonna argue that nothing is too high. 00:18:38,730 - Tell us more. 00:18:42,180 - Make a big, huge goal, 00:18:45,150 so big you couldn't even imagine. And then double it. And then have milestones so that you can treat yourself, tell yourself you're doing well, see progress.

So you wanna have milestones and progress. But you wanna have a JFK, let's put a man on the moon. And by the way, they didn't have any of the technology to get a man on the moon when he did that speech, because then you had some of the most incredible technology inventions made during that period of time because the goal was big enough. I knew this woman who, back to dressage, Germany had won every single Olympics since 1952. She's from Holland, near Germany, but has a different style. She's gonna win the Olympics. But she's really, really determined, and she sets a goal to get not one but two consecutive Olympic golds in two consecutive Olympics. She hits that goal, which just blew everybody away 'cause the Germans were number one individually and as a team. And she went and she beat them, and she beat them two Olympics in a row. And I saw her a month afterwards, her name is Anky van Grunsven, I saw her at her barn and she was depressed.

After her second Olympic gold, she was depressed. And she said, "Emmy, I have no motivation. Like, I've done everything that I set out to do." So even her, she had this impossible goal, she achieved it. She should have had a bigger goal. It is so much harder to pick yourself back up. I wanted to run the number one fund in the world. I wanted to work at a hedge fund. I wanted to ride Grand Prix. I hit all that and then I kind of like faded, and I didn't keep the gas on 'cause I hit my goals. That's one of the biggest risks is hitting your goals, is arriving, arriving too early.

So you've gotta have much bigger goals than you think because humans, we are so incredibly capable, so much more than we think. - I love that. 00:21:00,990 And, you know, sometimes we set goals that are multi-year, right? And so we keep trying and trying. How do you know when the goal might be too big maybe, right? Is that ever a thing? - I don't ever think the goal is too big, 00:21:16,833 but it could be the goal is not serving you anymore. - Tell us more. 00:21:24,230 - So I really wanted to be in investment management, 00:21:27,900 and I think I stayed too long because that's all I knew I wanted. So I had to set new goals about being an entrepreneur, and being in startups, and getting to be in the C-suite in a startup, and helping to scale a really exciting startup that helps people. So I had to set new goals. It's of course much harder than just having an audacious goal, but part of the problem was is that maybe if my goal was 100 million by age 50, then it would've fit into both investment management and the shift over to entrepreneurship. But because my goal was a little too specific and a little too small, I had that lull in between, and I had to find new goals and pick up the gas again.

- That's incredible. 00:22:23,280 And now you're in the C-suite of a startup, so you're a COO, right? - That's right. 00:22:27,130 - You reached your goal. 00:22:28,702 - And, you know, it's funny. 00:22:31,920 I was just on a COO call, kind of a COO community call last night, and they were talking about how you get a job as a COO, and they were like, "Oh, you got have all these years in operations, so you work your way up and you get these..." And I raised my hand, I said, "Well, I had four months at a place that asked me to break the law, but I had the VP, a VP of Partnerships on my LinkedIn, and then I went and joined a startup. And look, if you don't ask, you're not gonna get it." So I just said, "I want the COO role." And most startups that are just brand new startups aren't gonna even have a COO role until you're, say, Series B funded or whatever. But he wanted me enough, I wanted that title, I wanted that title more than I wanted pay, so I got the COO role. And I wasn't gonna get it if I didn't ask for it. And, you know, we can bid against, we can basically bid against ourselves by saying, "Well, you know, I only was a VP for four months, who would hire me as a COO?" Like, we got enough people against us, we don't need to bid against ourselves. So I just said I want it, and he was quiet and then he went and asked his co-founder and came back and said yes.

And then I quickly went on Amazon and bought a book called "How to Be a Chief Operating Officer," and then found that I had this absolute love for systems. Every book that I read on running companies, scaling small companies, being a chief operating officer, as I was reading the book, I was thinking, "Oh yeah, I could put this into a system." And I built the whole system in Notion, and it's an incredible operating system for the company that allows it to scale really fast. And it's now something that I'm known for with my now 16 months of experience in operations among the three companies. So anyway, so it's a story that you can get in, and obviously you need to do the work, you need to be able to deliver, but you're not gonna get the role if you don't ask for it. - That's amazing. 00:24:51,390 I mean, my couple of takeaways there is number one, bet on yourself, right? And ask for what you want and don't be shy about it, right? You know, I'd love to hear a little bit more about this company's competitive storytelling. And we've heard in many different forms how much entrepreneurship and making your pitch is about telling your story. Now, you know, after you've been working with Robbie Crabtree for a while, do you have a secret sauce on how to be a good storyteller? And you tell wonderful stories too, so anything personal? - Thank you. 00:25:24,973 I love telling stories. People are always saying to me, when I tell a story, they're like, "You should write a book." And I'm thinking, "Are they telling me that to tell me to shut up in a nice way? Or do they really think I should write a book?" And now I've written a book.

So number one, why I joined this company is because Robbie is hardworking, he's honest, and he's nice. And when I look back at, I mean, of course there's the mythicism of the unicorns with the crazy founders and all this kind of stuff. When I just look back at the angel investments that I've made in private companies, the one that has grown and performed 5X better than the others has a servant leader CEO who's nice and super honest. So, you know, you can find them. And in my experience, that's the ones that really perform. Now, I don't know if it's gonna be... But these unicorns, they go to unicorn, and then they go to zero a lot of times, right? They blow up. And so do you actually get your return out of that? Are you able to exit? So I really believe in that. And I think the pieces of telling a great story, for me, number one, is to be brave enough to be yourself. That does not mean wearing my pink chenille robe on Zoom in a live webcast.

I've been asked this by students a lot. They're like, "Well, you should really see who I really am." But it's being authentic

and being open enough to be able to share something like I did about Coin Cloud, to be able to go to that edge so that you're sharing something that's real, you're not just sharing platitudes. And then number two, people say, "Well, I'm young, I don't have any stories." You won't believe all the stories you have from growing up, from your parents, from what you saw happen with your cousins, from different business stories. So start a story bank, start it early, and as you start to write down the stories that you know, you'll find more and more will come to mind. And then you just kind of go through and get your top 10 together. Those are the big... And then you practice, then you practice. And then for entrepreneurs, Robbie has lots and lots of writing about you want to have your founder origin story, which is why you, your startup vision story, which is why you should be building this startup, and the future vision story is what is the world gonna look like when you've built this startup that you are uniquely bred and built to build? So those three pieces are the pieces, and he writes about it on LinkedIn, you can follow him on YouTube, you can learn all kinds of things from him for free, you know, and more, so. - Fantastic, thank you. 00:28:43,860 Definitely have to take a look at those resources.

You know, another concept that you and I have been talking a lot about, you know, what makes entrepreneurs successful, storytelling is one of them. And then there's this notion of leverage, right? So I think most of us are familiar with the concept of using a lever like a crowbar to help us lift heavy objects, or a jack to lift up a really heavy car. And you talk about time and financial leverage, which I found super fascinating. Now I'm completely obsessed with this concept, so can you tell us more about that? - So because I came up in finance, 00:29:21,870 we think of leverage like you buy a house, you put 10% down, now the house goes up by 10% and you've made 100% on your money 'cause you only put 10,000 into a \$100,000 house. So then it goes up by 10% to 110,000, your 10 goes to 20,000. So that's the leverage that we think about, and we think about that in the stock market. Maybe you have a margin account and you have 50%, you put a 30% leverage in there or something like that, so you can make a lot more, the same as the house example, But with the stock, if something happens, people freak out, analysts downgrade it, then the stock goes down 50% and you lose all your money 'cause you only had 30% in, or you'll lose 90% of your money when the stock goes down 50% because you had that leverage. So in my mind, financial leverage, and you also can have it in derivatives, options, things like that. You have embedded leverage even if you haven't borrowed to do it. So there's all this kind of financial leverage, which means if it goes the direction that you're betting, and if you understand the vehicle, so if you understand the options, you understand the derivative, you understand how it should trade, if you're betting.

So first of all, you need to know what your bet is, and then you have to understand the vehicle and if it's gonna trade the way you think it will when your bet is correct, then you can make a ton of money, but you can also lose it all. So financial leverage, to me, is risky. When I think about personal leverage, it is the decisions you make about how you use your time. Where can you get an assistant? Now, students at Stanford may not be able to afford an assistant right now. How can you use ChatGPT prompts to do the work of an assistant? How can you use Google? How can you use Python to automate a whole bunch of your tasks? So every time I do something twice I ask myself, "Could I spend 10 minutes and automate this and never do it again?" And the thing that really struck me, where this changed in my mind, I used to think about the 80/20 rule, 20% of my effort results in 80% of the benefits, either profits or earnings. And then I read this book by Gary Keller called "The ONE Thing," and he asked, "What is the one thing you could do today, right now, that would make everything else on your list unnecessary or easier?" And that is personal leverage. - You can just see a lot of students 00:32:21,960 like taking their lists now and trying to whittle it down to the things they can have leverage on. That's amazing. You know, one last question before we open up to audience and student questions. You know, we ask, what is the advice that you would have given to your younger self so that you could have maybe you have avoided mistakes or have even more success than you've already experienced? - So people ask me, 00:32:49,740 "Well, Emmy, if I don't even have \$1,000, I'm just hoping to make a million, how do I make \$100 million?" And there's a three-step process: break in, build equity, and break out.

So you break into the industry that you really think is gonna be, first of all, you're gonna enjoy and it fits with your personality, and it has the opportunity to give you success. Then you build equity. You're either running a fund, you're getting paid for performance, or you own equity in a significant startup. And then later if you wanna move beyond that 100 million, or you wanna make sure you make the 100 million, you then need to form your own company, form your own fund, your own fund company. So when I think about that process, and I look at what I did with my life, I did the first two steps. So I took plenty of risk early. The two big things that I say to students is take big risks early and then keep the gas on. Take big risks early gets you to a million to 5 million to 10 million by age 30 as long as you take the right risks, and keeping the gas on moves you from that 10, that 8 to 10 to 12 million to the 100 million by age 50. And so that break out moment, that keep the gas on, is the thing that I would remind myself. I was great at taking risks and I did not keep the gas on.

So that's what I would advise myself as my younger self. - That's amazing. 00:34:26,510 Just keep that gas on, and you can go to new heights for sure. And, you know, I think one thing that we also talked about is to lay down the foundations, right, of nutrition, exercise, and connections. So as you're like skyrocketing towards this path, don't forget to take care of yourself too, right? - Absolutely, absolutely. 00:34:46,530 And I don't know that I would go back and tell my younger self that, only because that's what I've done the whole time, so I think it didn't come to mind, but absolutely. It's movement, fueling, and connection. And connection seems funny, but we think about ourselves like we're much more able to survive if we are connected to our mother or we're connected, we're in a group, than if we're out alone. Think, you know, our lizard brains, our ancient brains, still think that we're hunter-gatherers out fighting wolves and bears and things like this, and so when you are not connected, or you are not good at connecting with other people, you'll always feel nervous, you'll always feel insecure. And so it's important to learn how to do that.

And there's terrific research on it, which is that you focus on the person that you're with with 100% of your energy. Bill Clinton was great at doing this. They're the only person in the entire world for that moment. And it's been shown that those micro moments of connection, Dr. Barbara Fredrickson at University of North Carolina Chapel Hill has studied this, that physiologically we don't know the difference between that being love, just adding up those micro moments of connection, versus grand gestures. So you can be super busy building your startup and doing all of this, and you can have so much love in your life and so much connection by having these very brief moments where you really give someone else 100% of your attention, and it's a massive gift to give. - Fantastic, thank you so much, Emmy. 00:36:41,310 I'm gonna turn it over to student questions now. So the first one that was asked that got upvoted was, "When pitching, VCs expect you to tell the big vision of how you can change the world. And as much as you try to be authentic, you don't always have a clear conviction on how this vision can be achieved.

How do you balance sharing the big vision without overselling?" - Yes, so this is a little bit better 00:37:07,740 of a question for Robbie. So this is one I'm gonna say, this is what Robbie would say, but don't get too specific. They want to see your belief. And you can have a belief. For instance, think back to JFK's speech. He didn't say, "We're gonna put a man on the moon, so first we're going to learn about microwave technology, and then we're gonna figure out how things oscillate so that we can put him up into space, and then we gotta figure out how to get them back." He said, "We've gotta get a man on the moon before Russia. Let's go, America. And we're gonna do it because we're better and we're going." And, you know, you can just feel the hair standing up on your arms, even though when you go back and look at that speech, he didn't know how we were gonna do it. Even his top scientists didn't know. So it's the same way I was talking about leaving an uncomfortable job.

You stay high enough level, you stay at a high enough level that you're like, "This is what the world is gonna look like." Not specifically step by step how you're gonna get there. - That's great. Thank you so much, Emmy. 00:38:24,067 The next question is about, "A class action lawsuit was filed yesterday against three of the biggest venture capital firms that invested in FTX, alleging their misleading market materials by FTX induced customers to trust FTX. How do you navigate the balance of helping startups and venture capitalists to tell their stories, which are often inspirational, without misleading consumers?" - That is a fantastic story. 00:38:51,573 That is a fantastic question. I would actually point you, well, first of all, I don't know. I mean, that's a bigger question than I could possibly answer. But I will point you to, all of these cycles, you have these cycles of boom and bust, right? And each one of these cycles, when the economic cycle goes out, it's a little bit like, you know, when the waves come out, and then you see all the shells, and you see maybe some dead fish or something like that that all appear. So if I go back to 2001, when the economic wave came out, you had Enron go bankrupt and WorldCom go bankrupt, and so many people invested in Enron.

And I will tell you, I actually looked at that stock back in 1996, four years before it went bankrupt. And people said to me, "It's incredible, right?" The same as FTX, this excitement, it's incredible, it's the greatest stock, you've gotta look at it. All they do is beat numbers. I said great. I called them up and I say, there wasn't any internet, so I had to call them up and get the annual report, and I said, "Can you send me..." Now, annual report is for one year. "Can you send me the annual report?" And they said, "Which one?" And I said, "How many do you have?" And they said "Five." And I said, "All for the same year?" And it turned out that it was a shell thing, where each one owned a fifth of the other. I thought, "Well, I'm just out of grad school," so I put the whole spreadsheet together, having each one, each cash flow statement, linking to another one. And it didn't reconcile the cash. And these are audited financial statements. And so I called up the other analysts and they said, "Well, we know, but if we downgrade it to sell," right, which is similar to these VCs, "if we downgrade it, the two guys that did lost their jobs and they can't even work in the industry anymore." So there's this real conflict of professional investment managers who you want to be honest, but it's very costly sometimes to be honest too early.

And that's a terrible thing to say. And I felt super lucky that I was somewhere, and this is a good thing to do in your own careers, I was somewhere where I could say, "You know what? There's other fish in the sea. I don't need to own Enron, I'm just gonna own something else." But I didn't work at a sell side firm where they told me I had to have a rating on it, otherwise it would've been a really tough decision. And so Bill Gurley of Benchmark, he said, you know, he put on Twitter about FTX, he said, you know, "They wouldn't allow any board representation, they wouldn't show you any financials, you know, no thank you." But at other times he said, "In order to stay competitive as a VC, you've got to play all the way into the froth valuations, otherwise you'll just have normal returns." So it's like he's far enough along in his career, he's worth, what, \$7 billion? He can just take a pass on FTX. Other people couldn't. And he was an incredible storyteller. I mean, he used it to his advantage that he was playing "League of Legends" when he was talking to Sequoia, because they got total FOMO, and then they asked less questions, and they didn't require the things that they require from others because they assumed he was making so much money 'cause he was, you know, donating to people and, you know, getting to sponsoring stadiums, you know? So you can sit there at all of these times, you can look at Enron, it doesn't make any sense. You can look at Bernie Madoff and what he was doing, and it looked impossible. And it was. Each one of these you can say, "But it's really tough when you're in there because, you know, you're forced to play the game or get thrown out of the club, get thrown out of your own career." And so it's not always an easy choice.

I don't even know if that fully, 'cause it doesn't really answer the question of like how do you protect the consumer? And I certainly wouldn't want to be on the side of FTX on this one. I did find it very interesting that sophisticated hedge funds were leaving their crypto on an exchange when we have all been taught since, I mean, I've been in crypto since 2017 or before, keep your crypto on cold storage, you know? But everybody started to trust them 'cause they were in with the politicians and

they were sponsoring stadiums, but could they really afford to sponsor the stadiums? I think I can't fully answer the question, but I would say to all of the students always go back to first principles. Does this make sense? Especially when it looks really interesting and really complicated and like he's such a brilliant man. That's when you go back and you say, "Revenue is price times quantity." Like, what kind of margins should these guys be making? What kind of money should they be making? Does this make sense? And so always go back to first principles. When people tell you something's complicated, go simple. - It's a little like the Warren Buffett rule, right? 00:44:46,830 Don't invest in anything you don't understand. So yeah, a lot of it is based on that too. That's great. Thank you so much, Emmy. I'm gonna turn it back to something a little bit more personal that we talked about at the beginning too, right? How important it is to have people who are, you know, coaching you, cheering you on, in order for you to be successful too.

This question is, "Can you tell us more about how mentorship shaped your journey? Where did you find those mentors and how did you cultivate those relationships?" - Great question. 00:45:21,127 A lot of people come to me and they're like, "I need a mentor." And my experience has been that if I come to someone and I've got just this massive curiosity, which I naturally do, but a curiosity and a sponge and wanting to learn, they get so excited to help me and to guide me that they have just offered, that they just kind of become my mentor without me even asking. And so I've been super, super blessed to first of all work for four billionaires, and all of them considered themselves, well, three of the four considered themselves my mentors. And it was wonderful. I would normally take on extra projects at work at Farmers Insurance. I worked 50 hours. Well, I really, really wanted to work at Capital Guardian because they take two years to teach the student, they teach you the industry before you ever invest, and you do that for two years. And I didn't get to do that at Farmers. So I said to myself, "I could do that. I could take 50 hours a week and do the investing I'm supposed to do at Farmers Insurance and the other 50 hours a week and learn the industry, and I could pretend I was at Capital Guardian." And so as I was doing that, I was taking on all these different projects, writing reports for different equity analysts, and then I would take them in to our head of equities, who I found brilliant.

After the market was closed, everybody was gone, and we would hang out and he would talk to me about Koch and I would bring him different investment ideas I had, and he became a mentor. So it's a much more simple thing than you think, but it's not really going in and saying, "Hey, this is what I need, I need a mentor. Will you be my mentor?" It's more, "Hey, I have this great stock idea. I think you could make a bunch of money. Would you listen to my stock idea?" Now all of a sudden I'm helping him. "Hey, I really wanna learn about equity analysis for pulp and paper. I'm covering it in bonds. Could I write a joint report? I'll write the whole report for both of us if you would just edit it." Now I've become friends with the equity analyst who's very senior in pulp and paper. She starts mentoring me. So that was my strategy was to try to bring them a benefit, either a stock idea or take some work off their plate or do some work that they didn't even imagine needed to be done.

- That's amazing. 00:47:52,470 I think it's interesting. I'm looking at these questions, and one of the questions here is also about, you know, not just mentorship, right, but how do you operate as a team, right? And so the question is, "How do you recommend reading the signs of an unhealthy company or a team behavior? How do you know when it's better to step away from an issue rather than trying to work through it?" So it's a little bit of the other side of the coin where you're trying to find mentors and people who are building everyone up, and that's a good healthy team environment, so how do you read the signs of unhealthy company or team behavior? - So it's like anything. 00:48:37,740 If you're in a relationship, how do you know that it's an unhealthy relationship? There's relationships that are abusive, there are relationships that are controlling, there are relationships where someone's a little bit more of a taker, but you can negotiate it, you can set your boundaries. There's some relationships where someone might just not be good at a relationship, so they need a little training, a little coaching, a little feedback. So there's a large scale. If someone is breaking the law, leave. Just, you know, you don't need to go to jail. And people go to jail. What has blown me away in my career is how many people think, you know, "Good enough people don't go to jail." I'm like, "No, no, no, I know a bunch of people who went to jail.

They go to jail." And that was a crazy story because there was a guy that was, this is a little off topic, but it's a fascinating thing because it's very hard to prove insider trading, but the FBI was convinced that this guy, 'cause he was Sri Lankan, that he was using hedge fund profits to fund Sri Lankan terrorists. And so they basically tapped his phones, and, I mean, they got okayed to tap everybody's phones. So they tapped his phones and all his contacts, and he had this massive insider trading ring. And after three years, they couldn't prove anything about the Sri Lankan terrorists, but they had these boxes of tapes and they walked it over to the SEC, and all of those people went to jail because it was like, you know, you could really prove insider trading here 'cause this was an insider trading ring that was recorded for three years. You just never know. So break the law, any kind of feeling like that they're close to the line, or that it's uncomfortable, life's too short. You do not need to be put in a box. Your freedom is worth more than anything. Then I think it comes down to, for me at least, is what am I gonna get out of staying? So there have been times where I've put up with a lot, I've put up with inappropriate sexual moves, conduct, all kinds of things that could be reported. I've put up with that.

But it was incredible for my career. And I don't know that I would do that later in my career now, and I would hope that none of you have to make that trade. But I have a very strong personality and I'm an extremely resilient person, and so that was a trade that I could make. And each one of you has to make that own determination, and hopefully you're not gonna have to make that trade off. But when you're analyzing it, you look at it the same way as you would look at a family or dynamics within a fraternity or a sorority or a friend group. You know, is there unhealthy power dynamics going on, control, all that kind of stuff? It's the same within a company. And so you just analyze it and you say, you know, "Am I gonna get a lot out of

this? Is it gonna be worth it? Am I resilient enough?" (intriguing music)..