

URL: <https://stvp.stanford.edu/blog/videos/adventures-in-entrepreneurship-entire-talk>

Heidi Roizen, operating partner at the venture capital firm Threshold (formerly DFJ), shares personal and professional truths learned from her career as an entrepreneur, investor, and educator. Among other topics, Roizen examines the need for resiliency, the importance of valuing relationships over transactions, and why ethics should never be compromised.



## Transcript

Well, hi everybody.. It's really fun to be the very last thing.. How many of you're graduating? Okay.. Wow! Oh my god, so I really am I like one of the last things before you and graduation.. I'm really excited about graduation.. I'm going to put on the robe and march with you in my role as an adjunct here and I'm very excited to hear Bill and Melinda Gates speak as the commencement speakers.. So it is an honor for me to be here.. I have had the benefit - I don't know if it's the benefit or the build up of having been to about 50 ETLs myself.. And so as I thought long and hard about what I wanted to do today, I thought back on which details have been the most interesting to me personally.. And I decided the ones that were the most fun for me were the ones where a person really talked about their early life, and particularly if they had gone to Stanford about things about Stanford and things to think about, either with Stanford itself or right after graduation and then tell their lesson learned - lessons learned from their entrepreneurial experience..

So that's what I decided to do and as Tina said, we're going to spend about the next 40 minutes doing that and then I will be happy to do Q&A.. So without further ado, let me get going.. As you will see I've been to Stanford four times and I'm about to have a fifth role here at Stanford because my daughter is an incoming freshmen and she is in the room, but I won't embarrass her right now, because she is probably already cringing that I've already said that.. So let me just get right into it.. My first tour of duty at Stanford, anybody recognize this building? This is the Hoover building.. It used to be the Stanford hospital and I was actually born at the Stanford Hospital.. As Warren Buffet likes to say I really feel like I won the ovarian lottery.. Now what does Warren mean when he says that? He says for most of us, certainly for people born in America, the vast majority of us can count ourselves among the lucky who win the ovarian lottery because I can really say that in this situation being in Silicon Valley in - I was born in '58, so really in the early 60s and beyond was a really incredible time and place, and a place where I had enough food to eat and education and all those sorts of things and so it was very, very fortunate that my family was here.. My family hadn't always been here though, I'm actually the first generation American, I'm the first born American in my family.. My father was a Russian and Romanian immigrant..

My mother was a German immigrant.. My mother only had an eighth grade education.. My father did not finish college and they came here looking for the proverbial better life.. My dad was a very entrepreneurial person.. He actually worked - anybody recognize that sign? Okay, so I have a lot of like Silicon Valley trivia landmark things in my slides.. I should have like a quiz.. If you could name all the locations, you get a prize or something.. This is on 101.. It was Ampex Corporation, one of the very early technology companies in the Valley.. They're actually - were one of the patent holders and creators of the video tape recorder..

And my dad was an early employee there.. He was an engineer.. He worked on the bench.. He was a patent holder for color video tape and - but he was never really happy being in an organization even the size of Ampex, which at the time probably had a couple of thousand employees.. So my dad ended up quitting his job.. More than once, he actually quit once just because he wanted to take the summer off and they wouldn't let him, and he decided if he quit by the end of the summer, they wouldn't have found anyone and he could get hired back.. This was obviously in the era of pre-stock options, because he would of course never do that today and walk away from your options.. But he quit a few times and always came back and got his job back, but one year he quit and decided to become an entrepreneur.. So he did that and he failed.. And in fact my family, my dad declared bankruptcy, we went through a very difficult financial time..

My parents got divorced and in fact, my next Silicon Valley landmark, some of you probably recognize this.. I hope most of you have not spent too much time in this particular establishment, I actually lived in the Glass Slipper Motel on El Camino for about a year and attended junior high from the El Camino Glass Slipper Motel.. So I definitely got to see some different walks of life when my dad was working at Ampex, we actually were a fairly decent middle class family and then we ended up being not so much and it definitely ingrained in me the idea that I needed to work really hard and not be in the situation my mother was in, who with only an eighth grade education really couldn't do better than get a minimum wage job, working as a dish washer and server in a school cafeteria.. And so that was one of the things that kicked me into being very motivated to try to work really hard in high school and to try to get a good education.. Because my dad was entrepreneurial and because we were broke, I also decided I needed to start earning money.. So actually at the tender age of 12 I started my first startup.. I did puppet shows for children's birthday parties.. And I came up with this idea because some of my relatives who were in Germany had sent me some steiff puppets and so I had - that was one thing I had.. I had a collection of steiff puppets and I thought what can I do with these.. And I decided that maybe it would be a good idea to put on a show and rent myself out to mothers who needed to entertain their children for children's birthday parties..

How many of you have children? Show of hands.. Okay.. Do you just dread birthday parties as much as I do? And I have to tell you after having been to literally 100s, if not 1000s of children's birthday parties my poor kids probably got short-changed their whole lives because I had seen enough children's birthday parties to last my whole life, but it was very interesting.. I ended up doing this for about six years.. I ended up doing about six shows per weekend and by the time I was a senior in high school I was actually making about \$1000 a month, which was in 1976 dollars and for perspective, when I got out of Stanford, my first job with my degree I was paid \$1000 a month.. So luckily I don't value my Stanford education by the delta between my income before coming to Stanford and my income upon leaving Stanford or it wouldn't have been a very good investment.. But point being, this really taught me a lot.. It taught me a lot about time management.. It taught me a lot about 'the show must go on'.. I had to do the marketing, I had to collect the bills, I had to update the show, I had to do all sorts of things and as a one woman operation you really - you had no one to depend on but yourself..

And so I really learned a lot about the importance of showing up and being there and holding true to your commitments.. So then I ended up back here at Stanford.. I guess they liked the idea of having a puppeteer and they let me in, undergrad.. And one of the things I learned, and again for those of you who are still here, I will give you a little tip because now as a person who interviews a lot of candidates and reads a lot of resumes, you think you did all the hard work because you got in to Stanford, and you know we look at on your resume? It's the other stuff you do while you're at Stanford that ends up being important.. Now that's not to say class isn't important, keep going, stay in school, get those degrees, that's great.. But the reality is I, like most people, I ended up - I had - I decided to pursue my passion.. My passion was English with a specialty in creative writing.. This was not a passion based on any kind of idea about what kind of income I wanted to have once I graduated from Stanford.. And one of the things I discovered upon graduating was first of all, I wasn't really all that great of a writer and second of all there were just not a lot of ads in the newspaper that said we absolutely need a creative writing major, can you start tomorrow.. So I actually had a little bit of difficult time getting a job right out of Stanford, which I know that comes and goes here with the economy, sometimes good, sometimes not so good..

But particularly for those of you who are humanities majors, I won't ask you to raise your hands, but I hope there are some humanities majors in the room here, I'm hoping that I'm going to convince you that actually being a humanities major is not such a bad thing, because I ended up with my English degree.. One of the things I did as extracurricular I got very involved in the Stanford Daily and I did some writing, I was the production manager, I did some photography, and as a result of that the first job I got when I went out and looked for a job, they didn't want to hire me necessarily as an English major, but there were all these brand new nascent computer companies, one of which was Tandem Computers.. They were very big on company culture.. They wanted to have somebody come in and run an internal newspaper for the company.. And that's what I was hired to do.. And largely I was hired to do that not only because I had a degree in English from Stanford, but because I worked at the Stanford Daily.. So I was hired by Tandem Computers, proving that yes English majors can work in tech and I went to Tandem and I wrote this newsletter.. And at first it was really exciting and interesting and I was learning a lot about computers, I was learning a lot about people, I was traveling to two field offices per month.. I had great access to the CEO, Jimmy Treybig and all the other folks there, they were really - I mean Tandem was one of the real high flyer companies in its day.. But what I realized is after about a year I got really tired of writing about what other people were doing..

And I felt like if I dropped off the face of the earth the next day, nobody would care really.. I mean, someone else might write the paper, but I wasn't really doing the stuff that was on the frontlines of the company.. I wanted to be that person.. I wanted the victories to be mine.. I wanted to have those challenges and I felt like in this role I was never going to get that.. I looked around and everybody else at Tandem either - who was getting ahead - they either had an engineering degree or they had an MBA.. I decided that it was a little late for me to go back and get an engineering degree and by the way it'd be a little expensive, but I decided that MBA thing looked like a really interesting thing to do.. So once again I found myself at Stanford.. I applied and they let me in and I'm sure some days they wondered why they did, some days I wondered why they did, but I went off to business school.. And while I was at business school, and again I have to set the timing for you guys because it's hard for even me to think about how different it was then versus now..

When I was a business school student there are only three of us who had our own personal computers and I had a printer, which made me super popular for study groups.. Because the only other way you could actually use a computer and a printer

was go down to the shared facilities in the basement and wait hours and all that kind of stuff.. So I had a Northstar CPM computer and a printer because concurrently with being in business school I also had the good fortune to have a brilliant programmer brother.. Now he went to CAL which is a little unfortunate, but maybe that's a good thing.. He was off at the World Bank and he was working on these things for the World Bank where over and over again they were asking him to do the same thing over and over again to take formulas, create formulas, put in the various numbers from the various countries that were being researched, and crank out these tables and spreadsheets.. And my brother, who will describe himself as being an inherently lazy person and if you could do something once and be done, why do it five times, decided if he could abstract the data from the formula from the program that he could build this thing called a spreadsheet and again, hard to imagine this was back pre-VisiCalc, he could build something that would basically do his work over and over again and he would never have to really write code anymore, he would just have to create data and formula for spreadsheets.. And so he wrote that and the World Bank wasn't that interested in utilizing it.. And so he got a release from them and he decided he wanted to take this and publish it for the world of personal computers which were just, again, just coming out.. CPM, Apple II, this was the era that that was happening.. So lucky for me my brother didn't really want to run a company, he just wanted to write programs..

And he asked me, 'Well what do you think we should do?' and I said, 'Well I think we should start a company together.' I got a great piece of advice at that time.. Pat Becker one of the women that I worked with at Tandem Computers said to me, 'You should be the CEO.' I said, 'But it's my brother's, he is the coder, he came up with the idea,' and she said, 'Yes, but what does he want to do?' I said, 'Well he wants to sit in a room and code.' And she said, 'Well, but the CEO is the person that the customer wants to talk to.. Number one, you should be the CEO because if your brother wants you to go meet with customers, customers want to meet with the highest ranking person in the company.. You are the only person in the company; you may as well be the CEO.. And the second reason,' she said, 'is because there are no woman CEO's.. There just aren't any and so if you're the CEO, you're going to be this interesting anomaly and you will get more press attention than you really deserve for the company that you're running.' It was great advice and my brother, being extremely rational, I called him up and I said hey, I want to be CEO and here's why.. And I gave him my arguments and he said okay, that sounds reasonable.. And that's how T/Maker got started.. So we actually started my second year in business school.. I took every class I could that was around entrepreneurship, which at the time there weren't that many..

Wrote the business plan in one of the classes, I actually used the IBM PCs in the library to make copies at night because we didn't - we couldn't afford a disc duplicator.. So would I go to the library every night and I would make inventory, and in fact I actually got in trouble with the guy who ran the library because he thought I was illegally copying software.. But I had little stickers with the copyright notice and it had my brother's name on it and so I showed him my drivers license, I'm like, 'See you know I'm the sister of the guy who wrote the program, so it's okay.' So I didn't get kicked out of school, thankfully.. So I started the company and let's just put it this way.. I was busy for the next 14 years.. So one of my points, for any of you who think, 'Yes, I'm going to go out start a company, we're going to sell it to Facebook in two years, I will be rich, I will get my sail boat,' that is not how it usually works.. This is how it usually works.. That's actually an old trade show picture.. I spent 14 years.. I worked on the company, we hired people, my brother and I didn't agree about the direction for the company..

We split the company up.. I took in two rounds of venture capital ultimately after bootstrapping it for many years.. We grew it up to about \$15 million in revenue, close to 100 people, sold it.. I worked for the acquirer.. I have just described 14 years of my life.. I then spent another 18 years in what comes after that.. I ended up going to work at Apple.. I was the VP of Worldwide Developer Relations there after I left my company, successfully transitioned it, successfully got a return for our investors, which I'm very proud of.. I became a venture capitalist, I became a Board member and of course in my fourth tour of duty at Stanford I teach a class here MSE 178.. Please come take it..

It's taught every quarter.. I teach one a quarter, that's my class from last quarter.. So I have spent another 18 years out there in the world, instead of that being the player, instead of being the CEO, I have been the coach, I have been a Board member, and I have been a venture capitalist.. So what I wanted to do is take 10, 15 minutes and tell you 10 things I have learned.. From - we won't even count how many years, a whole bunch of years of doing this as an entrepreneur and then as a venture capitalist.. So, the first thing I want to talk about is -and it was actually Melinda Gates said this, she spoke here at ETL.. She was talking about how she walked by her daughters room and her daughter was young and she was tying her shoes and she said, 'This is hard' and then she said, 'But I like hard,' and I love that.. I love that line.. If you're not doing something hard, you're wasting your time.. I can tell you I have been through a lot of hard things in my life and the greatest feelings I have are when I get through those hard things..

There is a lot of books written about the topic of flow, you know that sense, you are working on something and it is right at the edge of your capability and you are so engaged and you're learning, and you are trying and you are failing and you are doing all this and the time just flies by, you look at your watch and you're like, 'Oh my God five hours have just passed.' That state of flow when you are really testing yourself is a wonderful thing.. And one of the things I ask myself even today, maybe not every day, I try to do it every day, but at least I try to do it every week is I ask myself, 'What is something hard I could tackle this week?' Because the reality is especially about careers is its kind of funny that we work actually really hard to eliminate hard stuff from our careers.. We want the, like, cruise job or the dream job.. What most of you will find when you get there if you actually do that is you'll be bored.. So you really need to find hard stuff and tackle hard stuff and I would encourage you and I think it's one of the things that's great about being an entrepreneur and pulling your team together is

that it is hard, there is no safety net, there is no regular paycheck, there is no one else looking out for you, you really have to do things on your own.. But I can tell you from my entire history of my career, there is nothing that has been as rewarding as being an entrepreneur and coming through the other side of that really, really hard stuff.. So look for the hard stuff.. Don't compromise your ethics.. This one is really, really difficult.. I actually just wrote a blog post about something this morning that I'll use as an example..

We were in a really dark period of time at T/Maker and there was this sprinkler malfunction and the sprinklers like ruined all of our inventory in our stock room.. So we walked in, they went off at like six in the morning, all the inventory was ruined.. Now the reality is we were about to ship a new product and that inventory was technically worthless.. But our landlord didn't know that.. So we had a long conversation, because the landlord - actually even the landlord said I don't care what it was worth, I'm insured, just tell me what it was worth and my insurance company will write you a check.. And we thought long and hard about that.. It was really tempting, we could have collected about \$150,000 and this is when we were bootstrapped and this was 20 something years ago.. So you can imagine how tempting that was.. We thought about it and we decided that we were going to tell the truth, because not only did we know that that inventory wasn't worth anything, but our employees knew that inventory wasn't worth anything.. And we felt that ethically if we were willing to cheat on an insurance form, then what does that tell our employees? It tells our employees we condone cheating..

It's okay to cheat.. File an expense report that's not true, take home an extra piece of equipment if you want to, because hey we cheat you should cheat too.. So this is one of those things, it's so hard to learn and I can just tell you again from my lessons of being out there in the world for a long time, when you do it you will end up regretting it.. And I don't know how else to describe it, you'll know the feeling, you'll be sitting there and you will think I can take this easy road, I can say this thing, I can tell the customer something that isn't really true about our product to make the sale.. And sometimes you will get away with it, but sometimes you won't and a lot of times you won't.. And it sets the tone; it sets the culture for the whole company that you're building.. What you do when you are faced with these ethical decisions.. So I will just encourage you the older I get, the more important this becomes to me.. And part of this is just I like to sleep at night, I like to feel like I'm a good contributor to the people that I work with, to the relationships that I build, and it's easier to do when you hold yourself to some standards.. Trust your gut..

So I took this class in business school called creativity in business by Michael Ray.. And it was a really great class.. It was kind of funny.. It was like you're in business school and you're thinking you are all super, like, business school-y and you go to this class and on the first day he says, okay, now we're all going to draw mandalas, is that what they're called? Like, are you kidding me? And then so every week he would assign us something like one week we were not supposed to speak for the whole week.. Can you imagine being a business school student and not speaking for a week? One week we were only supposed to do the things that were easy, effortless, and enjoyable, which was a really interesting lesson, because again most business school is not what I would call easy, effortless and enjoyable.. But what you discovered when you were given that task is sometimes if you just reordered the way you did things, they felt good at different periods of time.. But the most interesting week that we had is it was called is it a yes or is it a no.. And for that whole week we were supposed to make the decision.. Every - any decision we were facing, you were supposed to go to sleep at night, write down what was the question, go to sleep at night, wake up in the morning and go, 'Is it a yes or is it a no?' And whatever came in to your mind, that's what you were supposed to do.. It was really fascinating, and this was one of those things, I mean we are in the era of Big Data..

Big Data, Big Data, if you just had more data, you could make better decisions.. Well I believe that is true for some things, but I don't believe it is true for everything.. I also believe, if you're a believer in things like the - what the book Blink says, our gut and our intuition is actually built from months, years, whatever that time of experience that we have, sometimes even subconsciously where we're observing human nature and interactions and when we make a gut decision, our gut has been informed sometimes in ways we don't even understand.. But I will tell you this, I trust my gut more than I used to and I will continue to trust my gut and the times I've done things where the data said something else and I didn't go with my gut, particularly around decisions around people.. Who to work with, who to keep, who not to keep, I regretted when I didn't trust my gut.. So for what it's worth, I'm a gut person.. Speaking of people, people are the most important thing that you're going to do as an entrepreneur is pick your team.. As much as you might be brilliant and as much as you might be an individual contributor and once in a while there is an individual contributor who is just so awesome, that it works no matter what, the vast majority of companies that I know from having worked with as an entrepreneur and then as an investor, succeed or die by the quality of the team.. And there is an interesting thing I see happen that entrepreneurs tend to do and so let me describe it to you.. Okay, you're young and pardon this - you're young and you don't know shit, right? And so - and you know that you don't know shit about anything, but you have an idea to start a company and so then you go out and you think, well I need to hire a VP of Sales and you think, 'Well I don't want to hire someone that knows a lot more than I do, because then I'm kind of intimidated by that person..

So I think I'll hire my roommate, who is like the same age as me and knows about the same amount of stuff as me.. And then you want to hire a VP of something else, an HR person.. Oh, maybe I will hire my kid sister.. Actually that was good for me, that's what my brother did.. Change is not all bad, but what you will do is you will surround yourself with people that are familiar to you.. There is a good reason to do that, you trust them, you know them, but there is sort of sometimes a bad reason to do that, which is you are a little intimidated by people who actually know things better than you do.. But the problem with this strategy is, if you want to be the CEO and you want to build out a company and you hire everyone who doesn't know

things, if you want to be the smartest person in the room about everything, you're going to build a crummy team.. Do you really want to have a VP of sales who knows less about sales than you? Do you really want to have a CFO who knows less about financial accounting than you do? Do you really want to have a head of engineering who knows less about engineering than you do? No, of course not.. You have to take the risk to find people that are so much better than you at these things and then trust that in the relationship, your job being to manage, empower them, make sure the team gets along, your job is not to know more than that person.. And in fact I would argue if you know more than that person then why the hell don't you just do the job..

So I really believe in this.. I believe in it even more as an investor.. My goal truly is to be the dumbest person in the room, okay.. That sounds terrible, doesn't it? But that is my goal.. I want to invest in people that are really bright and really amazing and I might know some things, I can be helpful to them, but I really want to find those incredible people and surround myself with them because that's how real exciting world changing things get done.. This is another one that has come to me over time, and again it's anchored in a business school class.. So I took this class called negotiation and intervention.. And in negotiation one of the lessons they taught us was they gave us all these little forms and you were either the buyer or the seller of a used car and the class broke into small teams of two-person teams or two-person opponents and you were all given the same data.. And then you had to negotiate the car transaction.. And at the end you all reported at what price you sold the car..

And there was an amazing difference between the lowest price and the highest price.. I mean we were all given the same data, we broke off into these little groups of two and we went off into this negotiation and it was vastly different.. That's a transaction.. That transact - When I think about a transaction, a transaction is, it's a zero sum game, I want to make the most I can or I want to pay the least I can, I want the most of the benefit, I don't care who is on the other side of the transaction and my goal is to win.. My goal is to win.. I don't believe anything is a transaction anymore in life.. I believe everything is about relationships.. So if you have a transactional view in life, the transactional view is I want something, I'm going to get it and I'm not going to worry about anything that happens in the future, I'm going to worry about right now getting as much as I can.. If you have a relationship view, you have a very different view.. And again, the business school term for this which, it's like the only sentence I remember from business school, that's how important it was to me, is the art of negotiation is finding the maximal intersection of mutual need..

So I'm going to say that again because I love it so much.. It's the art of finding the maximal intersection of mutual need.. So the first idea is that life isn't a zero-sum game.. And it's almost never a zero-sum game even about things like buying a house or selling a used car, there is actually usually some other set of circumstances that make it not just a zero-sum game.. And if I can walk into a transaction with you and my goal is to not only make myself better off, but to make you better off as well, to find the maximal intersection where both you and I benefit as much as possible, we are going to have better outcomes.. And you are going to want to business with me again, and that is really, really important.. So in my life, I'll just tell you, I have been in Silicon Valley all my life.. Silicon Valley is a big place, guess what.. You run into the same people over and over and over again.. And now-a-days with your Facebook profile and your likes and your Etsy rating and your eBay rating and your - you can tell I shop a lot online, there is no such thing as a transaction anymore..

You are the sum total of your transactions because those form relationships and I will just encourage you every time you meet with someone, if you think relationship instead of transaction, first of all not everything is the opportunity for a transaction, and second of all if you build a relationship with someone, when you actually need to have a transaction with that person, you will know so much more about them and they will know so much more about you and you will be able to collaboratively help each other.. So I am a huge believer in this and trust me you will all run into each other again.. I can almost guarantee it.. That's just the way the world works.. So the way the world does not work is like this.. And this is particularly true for the - how many of you are undergrads? Undergrads, okay a lot of undergrads.. So here is a thing about your life until now as an undergrad and I know I am over-typifying and I'm not - it's not to say that some of you haven't faced some horrible things in your life.. But for the most part you were in school and in school there were rules and there were grades and you understood the rules and if you worked hard and you did this, you could get the grade and if you got the grade and you did the right things you could get in - well, at Stanford even if you did all that maybe you don't get into Stanford, but you guys obviously all got into Stanford, so whatever it was you did, you got into Stanford and then you get here and it's sort of still the same.. You kind of know what you need to do to get great grades.. Now you're going to go out in the world and life doesn't work like this..

You can't get on the escalator and know where the escalator is and know how to get it.. Life actually is really, really random.. Bad things will happen to you.. You will fail, things outside your control will happen, and so it's going to happen.. So let me give you a few ideas for how I think you should lean in to the fact that life doesn't work like that.. First of all, expect that life is going to be messy.. And you laugh about this, the key to happiness is to lower your expectations, but it's really kind of true, like let me just give you a really trivial example.. I travel internationally a lot, because I'm on the board of a company based in London, so I take that flight six times a year, 12 times a year.. When I travel internationally, I assume if I check baggage it will get lost, the flight will be late, my car won't arrive when I get there, I assume everything wrong with the flight will happen and therefore when it actually happens I'm not stressed.. I have put the change of clothes actually I just - I always have a carry on, I've learned to pack very light because I'd rather just have my stuff with me..

I don't schedule a meeting for two hours after I land, because if the flight is two hours late, it screws up the whole thing.. I expect mess.. And when I expect mess and it doesn't happen, I'm pleasantly surprised.. So one of the things I would say about life and especially when you have had some bad things happen to you is 95% of your stress is self-inflicted, because you'll do things like build - you'll build expectations around future events that are not - that are unrealistic.. I had an entrepreneur once and he - well a hell a lot of entrepreneurs like this, but one in particular he would always build his plan such that everything had to go perfectly.. And I would just say to him nothing ever all goes perfectly, and whenever it wouldn't go perfectly he would submit his plan for the next year and, yep, once again, everything is not going to go perfectly.. And if you assume everything is going to go perfectly and it doesn't, bad things will happen to you like you will run out of money when you haven't reached the next milestones that you will allow you to get funding.. So don't let that happen to you.. Expect that life is going to be messy.. And when life is messy, you need to get up again..

And I know this sounds like a Hallmark card and I'm sorry it does, but it does.. But it's the truth.. It's not how many times you fall down, it's how many times you get back up.. And it is one of those simple things, but it's a simple law.. If you fall down and stay down, you will be down for the rest of your life.. And it's one of the things that I think is so great about ETL, there are been so many speakers who have gotten up here and said I got fired, my child died, my spouse left me, my company went out of business, they tell you these terrible things and then they figure out a way to pick up and move on.. And that to me has been very, very motivating because when I go through those terrible things and I've gone through some of those terrible things, you realize that other people have made it through and that you're going to make it through too and so I just would encourage you when you go through those moments, remember this, go back and look at ETL speeches, you can go find all those terrible things that other people have been through and it will make you feel better, because you'll know that you can get back up again.. The other thing is that in that random stuff, good things happen.. And not all random is bad.. This is another thing, I'm sorry to single out Stanford and Stanford students, but Stanford students really want to get everything right all the time..

One of the things that just drives me crazy about my students is that they will have like three - okay, I'm not going to pick on anyone in the room, but let's just say there are people who are - that are currently sitting on three job offers for a freaking internship for the summer and they are worrying about which one to take? Which one will be the best on my resume? Which one will afford me the best opportunity? Which one - I'm like, oh for god's sake, pick any one of them, they're all fine.. There is no difference.. It doesn't matter.. And in fact if you pick one that's bad and it goes out of business and you get fired, that might be the greatest thing that ever happens to you, because you will learn something really amazing that you may not learn sitting in a really safe job in a really big company.. So this is just one of those things if you - again, if you I went through a divorce, so I read a lot of books about divorce and happiness and all that kind of stuff I went through my mid life crisis.. And one of the things that one of the books on happiness said, if you ask people like in the last five years what's the worst thing that's happened to you.. And in the last five years what's the best thing that's happened to you.. For many people they're the same thing.. And there are things like losing a spouse, getting cancer, getting fired, having my company go out of business, it is shocking when you actually go ask real people what has moved their life in the most positive direction that it often is those things.. So sometimes bad things can be good and by the way sometimes really good can happen to you when you allow randomness in your life..

Go to a meeting that you don't know - that you don't necessarily know what's going to happen.. Meet somebody.. Somebody says to me, 'Gee, Heidi, you have a lot of ways to spend your time, why do you teach at Stanford?' And I say, 'Well, Stanford does a really good job of collecting a bunch of super interesting people and then they further self select by reading about my class and by the time they show up in my class, I probably want to know those people.' And I don't know why, I am not picking them, they are actually taking me, it's random.. But I have been teaching here for five years and I have to say that I have made some really close relationships with the students I've had in my class.. So that's one of those random, I left myself open to random opportunity and it turns out to be a really good thing.. And the last thing any Downtown Abbey fans in the room? Come on admit it.. Okay, a few.. This is Lady Grantham's mother.. Real name Shirley MacLaine, she is a very famous actor.. She is Warren Beatty's sister..

She has written some really interesting books.. She believes in reincarnation and a whole bunch of other interesting things.. She has walked the campostella.. She is an interesting person.. But she coined this thing called the 20-40-60 Rule.. And I'm going to close with this as just something I've learned in a piece of advice.. I love this rule.. And the rule goes like this.. At 20 you are constantly worrying about what other people think of you.. At 40 you wake up and you say I'm not going to give a damn what other people think of me anymore..

And at 60 you come to realize that no one is actually thinking of you.. Now I love this and I - if there is one thing I want you to remember today, I want you to remember this 20-40-60 Rule, because here's why, because nobody is actually thinking about you.. And I want that to empower you, because there is good news and there is bad news in this, right? The bad news is nobody is thinking about you, no one is waking up - nobody is waking up everyday going I wonder if Heidi Roizen is fulfilled in her job today.. I wonder if she's making enough money, I wonder if she is happy within her relationships.. No one is doing that, probably not even your parents.. Maybe a little bit your parents especially if they're still paying for you, but for the most part nobody is thinking about you.. Your boss is not thinking about you; your peers are not thinking about you, you need to think about you, you need to be your own advocate.. If you are in a job you don't like, you need to think about changing it.. You cannot sit in your office and wait for someone to come and bring you an answer.. If you are in something, you need to

empower yourself to go do something else, because no one else is going to do it for you..

But let me tell you the flip side of that.. Nobody is really thinking about you.. We all torture ourselves thinking about what other people must think of us.. I'll give you an example.. As I said, I travel a lot, I used to travel a lot for business, I would inevitably get somewhere and I would have the wrong pair of shoes for the outfit or one time I actually had one blue shoe and one brown shoe because I'd bought two pairs of the same, but different colors and in the dark I put them in my suitcase, they were two different shoes.. My jacket would be wrinkled all the time, I get - pulled myself together and I kind of look a little scruffy.. And I would be so worried about that, I would be worried what are people going to think of me that I didn't pull myself together or whatever.. And then I thought to myself one day, it occurred to me, I thought have I ever been in a meeting with someone and halfway through the meeting I thought, well even though this person is really smart, they have a wrinkle in their jackets, so they must not be very good.. No, you never think that way.. You never think about this stuff, and the other thing we do and again not singling out the women, but a little bit we women worry about this even more..

Oh God what did I say in that meeting? Oh God did I raise my hand and say something that might have been dumb or did I make a faux pas, Oh my God I introduced that person and I used their wrong name.. I can torture myself for weeks over a mistake like that.. I used to torture myself for weeks over mistakes like that and I finally learned, you know what, nobody else is thinking about me that much.. They have got their own stuff they're thinking about.. So don't let it worry you that much.. My closing recommendation to you is you have to be your own advocate, but when you make mistakes, don't worry about it.. Because no one is thinking about you as hard as you're thinking about yourself.. So with that almost right on time and let's go for it.. Heidi thank you very much and I know I speak on behalf of the students when I say it's a privilege to not only have you here at ETL, but also just at Stanford in general.. Thank you..

Also thank you to you guys for submitting your questions.. First question, I'm glad you brought up the stereotypical Stanford student, because I was going to ask you what's the perfect way to go about Stanford, but I wanted to reframe it.. Okay.. Considering your experience at Stanford as a student, and now being a member of the faculty, what have you noticed as kind of being patterns in terms of mindset in effective students and how they navigate not just Stanford but college in general, and education, yeah, mentality.. It's an excellent question, mindset.. I mean I think the thing that is - the number one debate is how important is the specific degree you get versus what you take advantage of when you are here on campus.. And I will tell you from at least my perspective, it's so much more about deciding what's exciting here while you are here on campus.. When you are here on campus, and unfortunately most people don't realize it till you leave campus, which is why a lot of people come back by the way.. God, I want to go back there again and do it right this time, but the people you meet here, the extracurricular activities, the opportunity to take a diversity of classes, I mean it's one of the things I think is sad that in some of the majors you are so concentrated that you don't get to take some of the amazing diversity opportunities here.. So I would just encourage people take advantage of that..

I would also tell you and again this is that thing, you don't think about it till you are graduating and you put - there is only about this much space you can take up on your resume with what you did in class really.. I mean you can try to embellish it, but it kind of maybe it'll go this big, that's about it.. So you actually have to be doing other things and I think the students that are most successful are the ones that have done the entrepreneurship clubs, done the challenges, done, whether it's a humanitarian effort, whether it's been the Stanford Daily, whether it's been a sport, whatever it has been that they have gone and often done more things.. Okay.. As you know, several members of our audience are actually business students as well and so one of the questions that was submitted to us by one of our students was with respect to business school, you were a Stanford MBA.. Yes.. In terms of business school, what is it about business school that's really resonated with you over the course of your career and what was the value in business school, aside from the degree, of course.. Yeah, it's actually great.. And it's funny because when I went to business school, first of all, business school was very not entrepreneurial back then.. Right..

Right.. I mean nobody - like I was one of, I think, three students who did an entrepreneurial thing out of business school.. You went to McKinsey or you went to Booz Allen, or you became a venture capitalist and associate or, let's see, it was investment banking, venture capital and management consulting and I am honest to God when I got to business school, I did not know what any of those things were, actually.. Which made me really unsuitable to get any of those jobs, which is why I started a company with my brother.. But anyway, business school was, there were a lot of things about business schools that were not for me, right? In fact, there was this one class I remember, specifically we were learning the Black-Scholes Capital Asset Pricing model, right? And I am learning this and I am thinking, I am never ever, ever going to use this in my real life, right? There is - and never in a - I mean and then actually very funny I became a public company board director and do you know how they value stock options? You got it, the Black Scholes Capital Asset Pricing model.. So - but now, I don't actually need to do it because now we have CFOs who do that stuff for us.. But at least I know what it is.. To me, the class is the people, right.. Once again, it's the people you meet, the interaction you have, the lectures you went to.. When I was at Stanford and going from 1981 and 1983, Trip Hawkins came and spoke and Steve Jobs came and spoke and Bill Gates came and spoke and I mean we had this amazing group of people that you could just walk right up to and talk afterwards..

And I mean it's one of the things I think is wonderful even today about ETL is you have all these amazing people that you can just come and talk to and they are very accessible.. I think some of the classes I took, like I said, negotiation and invention, creativity in business, I also took the basics cost accounting, financial accounting, operations research, power and

politics, took a lot of the basic classes which then, when you go out and become an entrepreneur, it's good to know how to read an income statement and balance sheet and that kind of stuff.. The thing that was missing at the time that I think you can now get in spades at the business school is if you actually want to literally leave campus and start a company, every resource you need is probably available to you in some course or some program at the business school which I think is really amazing.. And when you went to business school, you mentioned it was relatively non-technical at the time and I will be the first to admit, I am a non-technical major and I am here and so I am curious, you managed to find a niche once you got into industry despite having a background that was highly not technical.. Yes.. Was there kind of a, I guess, a culture conflict that you ever felt in the process.... Absolutely, absolutely.. ...and you think that still existed.. And it exists today.. And how do you combat it? Sorry about that..

Okay, well, that's a very challenging question.. There is definitely a technical - people who have technology degrees tend to be more highly regarded in the Valley than people who don't have technology degrees.. Some of that I can agree with, some of that I will okay, first - so why is that? Number one, they are perceived as being harder, right? So you are smarter if you did that.. Number two, most of the products we make are software and the people who make the products are more important than anyone else, that's the perception because if you don't have somebody making the product, you got nothing to sell.. So I agree.. I don't disagree with all that.. But I would like to argue for all the people who are engineers that all the other people have value too, right? And I used to say it's kind of like, let's see your body parts came to you some day, everybody was unhappy they weren't getting paid enough or you weren't eating the right food, and your heart would come to you and your heart would say, 'I am your heart, and if you don't take care of me, you're going to die.. Because without me, you are dead, you are toast.' And then your lungs would come to you and they would say, 'I am your lungs and without me, you are dead and you see where I am going.' The reason you are having all those organs, yes, some of them appendix, you can go; kidney, you can lose one of those.. But the reality is you've got a lot of organs that you will die if you don't have.. In startups, there is a tendency to say, all we need are the engineers and the products and everything else will take care of it themselves..

And I can tell you if you just look around and you look at which companies are successful and not, that's not actually true because if it were true, all those other people wouldn't get paid to go to work every day.. So there really is, I think, this amazing opportunity to have synergy between technical people and the non-technical people.. And I do think that they are - that's an opportunity and I think that for those of you who are non-technical, well, I would say to someone and say, you don't know how to build a computer and I say, well, I don't know how to build a car but I know how to drive one and I use one to get to work everyday and I can articulate the benefits of a car to somebody else.. So I feel like a computer is the same thing.. Now, that said, if I had to do it over again, and even when I was here as a student, I took CS106, I think, I don't remember.. I took entry-level programming which was taught on punch cards, if you want to know how old I am.. And then when I was in business school, I took Basic and I took linear programming and I did that because I wanted to have some sense of how did programming work and I wish I had done more of that and I would encourage students here today whatever your major is, pursue a major that you feel flow in, right? Pursue a major that you're excited about and you're reading because I mean that was why I was an English major, I did all my homework early, right, because I was reading English literature, what could be more fun than that? It was awesome.. But my engineer roommates, to this day, by the way, they are very amused by the fact that I am a card carrying faculty member of the engineering school.. It's true, anything is possible here at Stanford.. But I do think that this idea that it takes all sorts of different types of people and that creativity and innovation can occur in different places, it isn't just the product, it can be around the distribution model, it can be around the business model, it can be around the customer acquisition model, there are all sorts of ways that some of the most massive wins in technology and in history haven't been about the product, it's been about those other things that come from people other than engineers..

I would tell you take some engineering classes, take some programming, I don't even think you have to do it here at Stanford because this is the thing I have heard again is at Stanford because you are at like the world epicenter where the absolute smartest freaking geniuses in programming in the world come here and everybody starts in CS105 or what is... 106A.. 106A.. And you get scared to death when you show up here because everybody else has already had eight years of programming and they are a freaking genius.. You don't have to do that, you can take it online.. It doesn't - you don't have to get your degree in programming at Stanford, you can do it somewhere else.. There are so many classes that are available online.. You can go and learn about the basics of it without taking it here.. Sure.. Well, I know we're coming up on time, so I wanted to ask one final closing question..

I think Tristan Walker but I want to ask you again.. Okay.. Given your expansive, rich career now.... Yes.. ...talking about your life at large, down the road, when it is the time to look back, what do you want to be known as, Heidi Roizen.. It's a bold question.. Well, I can - I mean I can tell you that one of the things that makes me feel the best is when I am leaving something after a tour of duty and somebody says in a really heartfelt way, 'We're going to really miss you, you added a lot of value here.' So I mean I have always been a person who I feel like if people can say to me you really helped me, you really added value in my life, you really did something for me, that I feel really good about that.. But I think you can't fill your life with just that.. So I also would like to think that people - I mean I have had the opportunity recently to go to a memorial service for someone else and what really struck me about his memorial was how many people said he really knew how to live.. He was a really giving person but he also was clearly enjoying his days..

He enjoyed interacting with people and he really knew how to live.. So I think it's a combination of those two things.. Nice.. Well, I can tell you we surely enjoyed the responses and I, at this point, happy to turn over to the audience.. Yeah, we



have a few minutes.. So thank you, thank you.. So thank you very much.. Alright.. Shall we do a few questions.. Yes, go for it..

So I guess I was a little curious, you said people aren't thinking about you as much as you think they are, but I mean I think that's not true in today's age given, like, there is so much media coverage over everyone's actions being constantly scrutinized, and I wouldn't want people not to be thinking about me, because that means I'm not adding value or like creating any positive effect.. So it is sort of a contradictory comment, right? People are - I mean I blog.. I send out a blog post.. I put it on Facebook.. I put it on LinkedIn and I tweet about it and I want people to think about me.. And I want people to comment on it.. And I get excited when I see how many thousands people read my blog and made a comment.. And five minutes from now, they are not going to think about me anymore.. If anything, today, the more - there is so much coming at you, right, that you can only, if you think about today like how many people you know versus 100 years ago, how many people you would know.. And if we count people, you know, like Kim Kardashian, you probably don't personally know..

Do you know Kim? No, okay.. You probably don't personally know Kim Kardashian but when I say her name, you know what she looks like, she just got married and like so your brain is full of stuff about lots and lots of other people.. So I believe that, on the one hand, yes, we know so much more and we think so much more about other people.. But at the end of the day, it gets distilled down to what sticks in your brain, what's important.. And so I mean my argument would be on the one hand, don't worry too much because people do move on.. I mean it's interesting to me.. I am on the board - don't hold this against me either.. I am on the board of the Daily Mail, the Mail Online, which is let's just euphemistically call it pop culture journalism.. And the articles get posted based on the popularity of the article, right, and there is a whole bunch of big data that's going on behind there and it's very interesting to watch the arc of a story and how it will occupy everyone's minds.. And then a few weeks later, it will be gone, right, because we've moved on, we just move on to other things..

So it is a - there's - it's two sides of the same coin and I think what you have think about is what is it that you're going to - what are you going to stand for, what are you going to be consistent about and what's going to leave a lasting impression and I do believe consistency is one of those things, right? I have a very consistent voice in how I interact, how I blog, how I do things so that people can read 10 of my posts.. And at the end of the 10 posts if somebody said, what do you think of Heidi? I think they are going to have a very consistent view of me because I have kind of the same things over time.. So maybe, I don't know, maybe that's the answer.. Sure.. Yes.. Heidi, thank you so much.. Sure.. So I am curious if you could just dive a little deeper into your talking about the difference between transactions and relationships and how relationships have really won out in that? When I go to a gas station, I don't have a relationship with that gas station, I just want that transaction.. Yes.. So I can shoot down the highway..

Yeah.. Where are you kind of coming from? Wait, there is no human involved in that transaction, right? I am.. I am talking human, right? Well you are - well today, you can get gas without having a transaction with another person, right? But I would argue I am trying to think of an example, okay, go to Starbucks, right? You go to Starbucks and you think of it as a transaction and you think of that person as a non-human and you're grumpy and you say, give me my double half-caf wappa-frappa whatever thing.. And then one day you walk in and you forgot your wallet.. You're not going to have a coffee.. If you walk in everyday and you're nice and you're like how are you and you get to know the person's name and you are polite to them and you think about, I have a relationship with this person, I may not know them, I may see them once a day when I get my Starbucks but why not be a nice person, why not acknowledge them as a human-being.. I will bet you.. If you walk in there without your wallet one day, you're going to walk out with a coffee anyway.. Now, should you do it because you wanted that coffee? No, I mean I think you should do it because it makes you feel better as a human being.. But I would argue even the most trivial things that you think are transactions and not relationships, you will run in to almost all those people again..

I mean even in a gas station, the person behind the counter is probably the same person, you don't go to a different gas station every single time, right? Embarrassingly like the people at Neiman Marcus all know me.. Hi, Heidi, oh, you're back.. But you know you do.. You build relationships with people all over the place.. And I think that really enriches your life too.. Now, again, the thing about capacity, there is only so many, you do have to edit.. This is the problem is we don't have infinite capacity.. So my approach is, on the one hand, I try to be a good person and recognize the humanity in every other person I interact with, I don't care if they are the gas station attendant or I don't care what role they are in, if they are a human-being, I try to treat them with the same respect I would want to be treated and why not make their day happier instead of more miserable, right? But the flipside is that I can only have deep relationships with a smaller set of people and invest more significant time in those people and you have to make those trade-offs and over your life sometimes it will change.. Yes.. Hi..

So I heard you speak about, like, energy and sort of extrovert and introvert, and one of these things I was curious about when I'm hearing you talk about all these positive interactions and bringing good energy and also being available to your students, opportunity, I do all that but I get my energy from being alone and also by working on my own stuff.. So I find it exhausting at a certain point.. Yeah.. And I was curious as to how you managed to balance that, by keeping your energy for yourself whilst putting out so much positive energy.. That is a great question and I am actually - I like to spend long periods of time by myself.. If you ask my daughter, I read a lot.. I am very quiet.. If I've had a really busy week and someone says, 'What did you do this weekend?' I did nothing.. I sat in my room and I read a book all weekend.. I think one of the things that we forget to do and I will close on this because I have two minutes left and it was actually a slide I was going to talk about, then I took it out because I had too many slides..

The most important thing you have in your life is your time because you can't make more of it, you're going to run out, you can do things to leverage it with money and assistance and all of that.. But at the end of the day, time is the thing you can't make any more of.. So you have to be really sensitive about how you spend your time.. And one of the things people, I think, do is they are like bad at understanding that certain things take time.. For example, and I won't ask for show of hands but how many people in this room have more than 1,000 emails in your in-basket, okay? I am hearing a little bit of chuckles, you don't have to identify yourself, you people have a time management problem, okay? Because email is a fact, it's a reality, and you have to learn how to answer it or shut it down, make it go away but you have to figure that out because if you have a thousand unanswered emails in your in basket, then you're going to miss something important, right? So the thing that I always tell people is they say, 'Oh, I don't know how you do this,' I say, 'Well, I plan.. I don't schedule more than five hours of things in a day because I need three hours to do email and answer calls and read and do the things that actually makes me informed.. Well, I don't have time to do that.. Well, of course, you do.. You just have to not do those other things, right? So one of the things I would really encourage people is really think about every use of your time, and give it all equal weight for starters and recognize that some - that grunt-work takes time, right? Reading takes time.. All these things take time..

Figure out what your balance is and figure out what you're going to let in your life and leave those spaces for you to be - reflect and get enough sleep and do all those other things.. I also understand that some of you are like, okay, that's really nice but you are a 56-year-old venture capitalist and I am a Stanford graduate student who has a startup on the side and I haven't slept in three weeks.. Okay.. I get that.. I once was an entrepreneur and I was not, I did not live a very balanced life.. So I realize that part of what I am saying is I think we do live our lives in a serial fashion and I think there are times you will go through a period like that.. And there are times and I will tell you right now if you are in that, but it flows and you are really excited about doing it, you can run on that for a long time, right? Other things will fall by the wayside: relationships and family and things and hopefully they will be there when you need them because I don't necessarily think that's a good way to run.. But I do think that that set aside and even when you're in that situation, if you don't allow yourself some open space, you're not going to have those good random things happen to you as well.. So it's a really challenging thing but I would say the biggest thing is people have a fantasy that there is a whole bunch of stuff that takes no time including relationships and communication.. When I would argue that if you ask people at the end of their lives, if you read all the happiness books, you know what they say about the meaning of life is, it's meaningful work and meaningful relationships and yet people don't invest time in relationships and so there is just something fundamentally misaligned there..

And with that, I am out of time.. Hope you'll join me in thanking Professor Roizen.. Thank you very much...