

URL: <https://stvp.stanford.edu/clips/counterintuitive-market-and-customer-advice>

Clara Shih, CEO of Salesforce AI, challenges common wisdom about entrepreneurship. Using stories from her time as CEO of Hearsay Systems, she explains why you often find product-market fit in unexpected places, and why you shouldn't always listen to your customers.



Transcript

- You know, in entrepreneurship, 00:00:03,180 and we talked about this in our classes here at Stanford too, that it's all about finding product market fit.. And certainly, when Steve and I were starting out with Hearsay, we had a great idea of the lead generation on the one hand, and content prediction on the other hand.. And we were so convinced that this would be a perfect product for real estate agents.. And so we called every real estate company that we knew and we sponsored real estate trade shows, we talked to all of our friends who are realtors, and we made them try our product, kind of biased feedback, right? Because they didn't never wanted to give us any negative feedback.. But the thing is, nobody ever called us back, and no matter how hard we tried and how hard we pushed, we couldn't find product market fit where we thought we could, or where we would, until one day, just coincidentally, there was an insurance executive who happened to attend a real estate trade show, and they were really interested in what Hearsay had to offer.. And so they kept calling us, again and again, every day, they issued an RFP just for us, we sold their first \$500,000 deal, then our first million dollar deal, then our first \$3 million deal, then our first \$5 million deal.. And within a few years, we had captured almost every insurance company in North America.. And then we expanded to Asia, we expanded to Europe.. Hearsay is still a powerhouse insurance.. So the lesson here is sometimes, you think you know what you're looking for, and there's a broader lesson here in life, right? We have a plan, but be open to what comes your way..

And sometimes it's not as you expect, sometimes the product market fit, or the great life partner, or your calling in life, it comes to you, and it's not something that you would've anticipated.. Lesson number two, this is the classic Henry Ford quote, that if he had asked his customers what they wanted, they would've said, "A faster horse," although recently, historians are saying that there's actually no record of him ever saying that, but nevertheless, the lesson holds true, I can confirm that, that you shouldn't always listen to your customers.. I'll never forget the day that Steve and I flew into Boston to meet with a large Fortune 500 financial firm, and we were pitching our Hearsay software, and she cut us off in the middle and she said, "Okay, great, get the whole predictive content thing, "understand it's important to get our financial advisors "branded on social media, "but tell me this, "can you increase this file storage capacity on my laptop?" And we said, "What are you talking about? "Why do you need more file storage capacity on your laptop?" So she turned a computer around, and it looked something like this.. I mean, it was more than this, there were thousands of overlapping screenshot icons on her desktop.. And we said, "What is this?" And she said, "Well, Clara, something you might not know "is in highly-regulated industries, "anything that a salesperson shares with a client "or prospective client has to be surveilled "per a bunch of SEC and FINRA laws." And so

turns out, her job was to every day, go through each one of their 2,000 financial advisors, LinkedIn and Twitter profiles, and grab a screenshot and then submit it and file it into the regulatory filing.. And so we left, feeling both horrified and also really inspired, and we knew we could help automate this for her using Twitter and Facebook APIs.. At the time, this is 2010, LinkedIn didn't have an API for third parties.. And so we took this and we met with LinkedIn and we pitched them on why it was so important for them to expose such an API and work with us.. Otherwise, they would forego this whole financial services and other regulated industries, which worked and the rest of it is history with Hearsay.. So lesson two is, don't always listen to your customers, because sometimes what they're trying to solve for can be solved for in a completely different way with a new paradigm...