

URL: <https://stvp.stanford.edu/clips/crucial-startup-nutrients>

Eventbrite Co-Founders Julia and Kevin Hartz describe customers, capital and talent as the “nutrients” that startups need access to in order to survive. The wife-and-husband team stress the importance of close relationships with customers and getting their feedback, and how capital from investors is akin to sugar. “It gets you going, but it doesn’t last,” says Eventbrite CEO Kevin Hartz.



Transcript

So, as I mentioned in the very beginning, we had no customers.. So we had to find our first sort of early adopter group.. Thankfully, that group lived in our backyard.. They were tech bloggers, gathering people with -around tech meet ups.. So, likeminded people gathering for meet ups or talks or conferences.. And at the same time, because we had built this self-service easily accessible platform, we had other types of users quickly adopting the platform like speed dating in New York.. Does anybody even know what speed dating is? I mean, that was in 2006, so this was like the way in which people met each other.. So we had -we knew right off the bat that our customers would be wide and varied, because we were building this horizontal platform that can meet the needs of any type of event organizer.. And that was actually part of our strategy.. It was a little bit crazy, but part of the strategy..

And so, by staying close to our customers and really building a relationship from the beginning.. Again, I was the customer service department, I literally was answering customer service e-mails from the labour and delivery room when we had our first child and that story goes, they had to take the computer away from me and everybody said oh, she is so dedicated and I said no, I just don't want -I don't want to know what comes next.. So having that lifeline with our customers was actually incredibly important to us in the beginning, because not only did it give us direct feedback on what we were building in real time, but it allowed us to future cast what our customers would need as we began to grow.. The second sort of fuel to the organism, this start-up organism is something if we've talked about customers as -I would put them as like the high-protein, the most nutritious form of it.. Capital is kind of like the sugar.. So it gets you going, but it doesn't last.. And it gives you kind of a burst of energy, but you can't survive off of it on your own and over the years I had gotten pretty good at raising capital with Xoom.. Xoom is a money transfer business; it was a very capital intensive business, we were moving money all around the world.. We had massive fraud attacks, we had to build out all these areas that we hadn't foreseen and so it felt like during those times albeit very exciting, we were on our heels a bit raising capital.. And that was a message to me, that was a message really, that in the next -in act two that I -and we at Eventbrite would be very capital efficient and be able to lean forward and go after capital when we needed it..

So as Julia mentioned, we effectively bootstrapped the company for the first two years and that was on this diet of customers, the right diet and then it was time to raise money and always when -as the adage goes, the capital is always there when you don't need it, when you desperately need it, it's not available.. And the lesson here is that we built ourselves into a position where we didn't need the capital.. This happened to be, though, in 2000 -end of 2008, 2009 and the markets collapsed and we were terrified.. We didn't know what was going to happen with the business, if we expected a downturn.. So we started to go out and raise venture capital and literally everyone in the Valley turned us down, I still run into people and they go oh, I remember meeting you and saying no.. And No, we don't.. We don't want to do a victory dance or anything quite yet we still have a long ways to go.. But in short, we were in early 2009 at a point where we just said, well let's just put our heads down and build the business.. We took on a little bridge money and lo and behold the business had taken off and I really think that that was because we focused around been customer centric those previous two years and saw the business really blossom in 2009 versus most others in all these companies that had become bloated with capital and reliant on capital had failed..

And we culminated 2009 with Sequoia Capital investing \$6.5 million at the end of that year with Roelof Botha one of these -one of our favorite PayPal mafiosos investing -leading the investment and joining the board.. And the third thing that we

think about is talent, so it was just the three of us for the first two years and then we -after we raised our -we actually raised an angel round to hire our first team, and that was around 15 people in the third year of Eventbrite.. And that was such a transformative time for us, because being three Co-Founders you're doing a lot and there is a huge opportunity to bring on talent that is way more brilliant than yourselves.. In many more areas than you could possibly have imagined to focus on in the beginning.. So in the beginning it was really just about product and customers.. But once we tapped into talent and were able to bring talent onto our team, we were able to extend ourselves way beyond where we had been in the first two years.. Now I want to back up and say in 2006 founding a company and placing it in San Francisco was actually contrarian.. I know that's kind of mind-boggling now, since we are battling the real estate wars and the talent wars in San Francisco.. But the conventional wisdom was that you placed your company down here, near Stanford.. And we felt sort of this inherent pull towards San Francisco A: to be contrarian, and B to being near what is crucial and what is the lifeline to our business, which are live experiences..

So San Francisco being a very culturally dense metro is a great place for us to be to be very close to our subject matter.. But what we found was that once we got started and once we were able to access talent who wanted to be part of our vision, who were sold on that vision of bringing the world together through live experiences, that was really a turning point for Eventbrite, because it became abundantly clear to Kevin and I that we weren't just looking to build something and flip it or to create just the best business model for revenue sake, but really to create an amazing company.. And so the nutrient of talent is very, very, very important.. I can't underline it more; I will talk about it more today actually.. But really understanding where you can access talent is extremely important and we actually took a bet on San Francisco.. But I think that as we look at where the trends have taken us and now how -abundant the talent is here, but how fierce the competition is to get talent.. We understand that we were right in saying that talent is a crucial nutrient for the start-up organism...