

URL: <https://stvp.stanford.edu/blog/videos/developing-a-founders-mindset-entire-talk>

Alfred Lin is a partner at Sequoia Capital, where he focuses on consumer and enterprise investments and co-leads Sequoia's early-stage investment business in the United States and Europe. In this conversation with Stanford adjunct lecturer Ravi Belani, Lin offers advice for aspiring entrepreneurs and early-stage founders who want to identify worthwhile ideas and seed excellence in their startups.



Transcript

(upbeat music) Announcer Who you are defines how you build.. 00:00:08,720 - Welcome, YouTube and Stanford communities 00:00:10,680 to the Entrepreneurial Thought Leader seminar.. I am Ravi Belani, a lecturer in the Management Science and Engineering Department at Stanford, and the director of Alchemist, an accelerator for enterprise startups.. And I'd like to welcome you to this week's ETL, presented by the Stanford Technology Ventures program, which is the entrepreneurship center in the School of Engineering at Stanford, and BASES, the Business Association of Stanford Entrepreneurial Students.. Today, we are honored to welcome Alfred Lin to ETL.. Alfred is a partner at Sequoia Capital, where he focuses on consumer and enterprise investments and co-leads Sequoia's early stage investment business in the United States and Europe.. I'm gonna give a somewhat long introduction to Alfred just because Alfred has done a lot.. It's not that Alfred is an old man, but he's definitely not a young man and he's packed a lot into his life to date.. So Alfred is a Taiwanese American who came to the United States from Taiwan at the age of six, and then he went to the famously difficult Stuyvesant High School in New York, then went on to Harvard, where he got a bachelor's degree in applied math.. At Harvard, Alfred met Tony Hsieh, the future CEO of Zappos, and Alfred and Tony would famously team up on three highly successful ventures in the future, post-Harvard, which we may talk about if we have time..

But at Harvard, they were both already showing signs of entrepreneurial tendencies.. Tony Hsieh had started a pizza business to make some money at Harvard selling pizzas, and in his autobiography, "Delivering Happiness," Tony recalls how Alfred would buy whole pizzas every night.. And Tony thought that Alfred seemed improbably skinny for being his best customer and having such a voracious appetite, but he only later realized that Alfred was actually reselling the pizzas, not eating them himself and selling the slices at a premium markup to his fellow dorm mates.. And Alfred was making more of an effective profit for his relatively minimal time than Tony was making the whole pizza.. That would foretell entrepreneurial pursuits where the two combined later on in life.. So Alfred went on to Harvard, to then come here to Stanford, to The Farm, to get a PhD in statistics, but dropped out with a master's and decided to join Tony on their first venture together, which was LinkExchange, where Alfred was CFO.. LinkExchange received \$3 million in funding from Sequoia's Michael Moritz, and sold 17 months later for, coincidentally, a 17X return to Sequoia Capital, when Microsoft bought LinkExchange for \$265 million.. Alfred then went on to have a series of very salient operational roles.. He co-founded with Tony Venture Frogs, which was an incubator.. He served as CFO of Tellme Networks..

And again, with Tony who was part of the leadership team of Zappos, where Alfred was COO and chairman, while Tony was CEO.. Zappos also received a late stage investment from Sequoia, again, championed by Mike Moritz.. Alfred then would turn from operator to VC when he joined Moritz from Sequoia as a partner, where he is now.. And just like Moritz, Alfred would become not just a good VC, but the paramount VC, Alfred top Forbes mightiest lists of the top venture capitalists in 2021, in the number one slot on the list.. And for good reason, as a VC Alfred has had unprecedented success, he's funded a dizzying list of incredibly valuable, incredibly impactful companies across a wide array of markets.. It'll give you a nose bleed if you start looking at their collective valuations, but just to give you a partial list of companies that Alfred is a director in and also championed investments in, they include Airbnb, DoorDash, Zappos, Zipline, Reddit, Instacart, Filecoin, FTX, Fair, and Howes and many, many others.. Alfred's also an avid marathoner.. He's completed 32 races across 22 states, at least as of the date that I saw that on his bio online.. So with that all said, please welcome Alfred to ETL.. Alfred, welcome..

- Thank you, thank you for such an introduction 00:04:15,840 that I don't deserve, but thank you so much.. - Oh, no.. 00:04:18,262 - It does make me feel old.. 00:04:21,253 - (laughs) You're young in spirit, but you've done a lot.. 00:04:26,150 So Alfred, I know there's gonna be a lot to cover in the short amount of time that we have.. but where I'd like to start actually, because this is at Stanford is something a little bit more meta, which is the process by which you have learned as you've gone through all these different collective experiences.. And I mainly wanna understand if you have any advice or hacks on how to learn about new things when you're going into new markets, because it seems as if you've had deep success in areas where you had very little formal training prior, you started off as a CFO with just having formal academic training in statistics.. I don't believe you've ever been to CEO, but correct me if I'm wrong, but yet you've backed and partnered with phenomenal CEOs and now you're arguably the top CEO coach in venture capital and you've invested in a wide array of markets with unparalleled success.. And so given that, I'm curious about how you learn and any advice you wanna impart to others who are foring into new areas? - That's a very good question.. 00:05:26,320 I think we all learn very differently..

And I think that the one thing that is important is to just nourish your curiosity, learning is a lifelong pursuit.. And you've probably heard that, you're at Stanford, you hear that all the time.. And as a student you kind of get to choose how you learn.. And I think the most interesting thing to me was when someone said, "Hey, you learn really well by just reading and solving problems by yourself.. And maybe you might learn better if you do a bunch of other things." And I realized that part of learning is to being engaged.. And if you go back in time and you just listen to some great philosophers about learning, it changed my view, like one of the things that I, sort of quotes that Albert Einstein used to say is, "Any fool can know, but the point is to understand." And he often talked about that he's not any smarter, but he just stayed with the problem much longer.. And I think that was a very important thing for me when I was in college and a grad student that a lot of the problems were hard in math or in statistics, but the people who solved it just spent more time thinking about the problem.. And then I got interested in learning more about Benjamin Franklin because he's such a great inventor, he was a good businessman, he was a statesman.. And he had this line that I really loved and I still remember, which was, "If you tell me, I will forget." So many of us go to lecture and we're told what to do, or we're told about a story, or we're told about a concept.. And then his second line was, "Teach me and I will remember." And teaching involves like showing you how to do the problem, showing you how to go through the process..

So you'll remember that, and there's some amount of that in lectures and in problem sets.. But the last line that was really interesting was, he said that, "If you involve me, I will learn." And we kind of, in college or in school, we kind of leave it up to the professor or the teacher to involve us.. And we judge teachers based on whether they involve us in class or not.. And I realized, when I heard that it was like, okay, that's true, but we're not gonna have a teacher or a professor forever and that means you have to involve yourself.. And getting involved, asking questions, being curious is a lifelong process.. And that is very different when you're actively listening and trying to understand, versus just listening to a lecture and it just goes in one ear out the other.. And I think that's very, very important to when you're trying to learn something to always be involved.. And the final thing is don't be afraid.. There are a lot of things where just because you don't know anything doesn't mean you can't understand, truly understand by spending time in it.. And yes, you'll suck it at the beginning, but over time your knowledge compounds and it's really, really powerful when you start to see after a period of time that you can compound your knowledge and it's useful..

- Well, Alfred, I love that.. 00:08:46,728 And if I can, can I follow up and ask you a question then? Because I think there are a lot of students that are itching now to just be involved in the entrepreneurial journey or game or however you wanna frame it.. And they wanna jump in.. And at the same time they're wrestling with, if or when they should.. I wanna ask you this because I feel like you came from a background that put a high premium or primacy on academic training.. You went to Harvard, you were gonna get a PhD.. And yet at the same time you've also taken grit, you've been fearless and gone into, or maybe calculated risks and been successful entrepreneurially.. And so the question that I wanna ask is, I think many students wrestle with when should they jump into the founder journey and they wrestle with, should they even stop out or drop out of Stanford and start something, if they've graduated, should they first work in consulting or a product management experience before founding something? Even if they work, should they go get an MBA before they're a founder, do you have any advice for students that know that they wanna be founders, but are wrestling with if it's prudent for them to delay that, to increase their education, even if that's more professionally before they jump in, or even if they should jump in and stop outta Stanford? - Well, that is a question that's very personal.. 00:10:11,660 And I would just say there's multiple paths to success.. We know people who have not graduated, dropped out of college and been very, very successful..

We know people who finished college and been very, very successful.. We know people who finished the PhD or finished an MBA and were very, very successful.. We're all a function of our histories and my history is such that I studied math and science probably because my parents told me to.. And it quite made me conservative in the early days of my years, partly because I came to this country, wasn't that great with English.. And it's like, well, you're limited.. And my parents had a sort of a scorecard of what would be best for their children.. And they had this like ranking of careers and it was like, if you're smart enough you will contribute to the world's knowledge and be a professor.. And if you're not as smart, you should save lives and be a doctor.. And if you're not as good at math and science, you should fight for justice and be a lawyer.. And then they had, next was be an engineer and all the way down on the last thing on their list was actually anything in business..

And I just kept asking, "Why is that the case?" Both of 'em were bankers and so there's like, oh, this life is too hard.. And it turns out that we are a function of our histories and you're either embracing it (chuckles) or you're rebelling against it.. And I was rebelling against it my whole life because I didn't quite understand that, it never made sense to me.. And so I pretty much were starting businesses when I was younger, they were not that interesting.. I had a paper route at some point.. In my neighborhood I decided to mow lawns for a summer, that was too hard because there's only so many like lawns I could mow.. And so then I went around and asked my friends in junior high school whether they would team up with me.. And so then I went to like around our neighborhood and sold into those houses that we would mow their lawns.. And then I sold off the contracts to my friends.. That's not really scalable..

The pizza story, I wasn't really trying to make money.. I was just merely taking the pizza upstairs.. And I did make more money than Tony per second or per hour because for whatever reason, I got a discount because I bought pies.. And if a slice was \$2 I was basically getting the slice for \$1.25, \$1.50 because I bought in bulk.. And I just wanted my money back.. But it's kind of this weird thing that quarters were prize commodity in college, probably not anymore, but it was back then.. And I just always got two bucks, even though the pizza cost \$1.25, \$1.50.. And then I talked to Tony about like making the grill a little bit more interesting and putting in TVs and renting movies so that it was a good place to hang out.. Those are the type of things that you can get involved with entrepreneurship while you're still in school, you don't have to drop out to do those things.. And eventually I did drop out of my PhD program to join LinkExchange..

And I dropped out, it was a pretty successful outcome for a first outcome.. And it was, back then, 265 million, today we sneeze that, back then it was the third largest acquisition Microsoft had made at the time.. And it seemed good at the time, but I called my mom right afterwards and she was like, "Well, are you going back and finishing your PhD?" I'm like, "No, not really because that's not my dream." Everybody has to figure out their own path at some point.. And I realized that my parents were very conservative and I had a framework about life that was a little different from theirs, which is making good decisions is fairly important, the end of your life, the sum total of your decisions.. And I think they made their decisions based off of being as conservative as possible.. And my framework was, the best outcomes tends to be people who are good at taking risk, not dumb risk, but good at understanding risk and reward trade offs.. And what was the worst thing that was gonna happen if I dropped out of my PhD program and worked at a starter for a year? If it didn't work, I can always go back and finish the PhD.. That doesn't seem like that big of an issue or a deal.. And so I would challenge everybody who's young to think about their risk reward calculus and to try to take risk that makes them slightly uncomfortable and still be able to function.. One of the things that I find interesting is in education they talk about being on at the edge of competence..

You learn the most if you're at the edge of competence, you stretch that way.. Coaches in athletics put you in an uncomfortable position and ask you to do drills that put you at the edge of competence.. If they throw you at the deep end and you sink and you freak out, that's not gonna be really helpful in making you better.. But if you do the simple exercises that you've done the same time and again, you perfect that, there's some value to that, but you're not gonna stretch.. And I think for many people the issue is about stretching your risk tolerance than it is about knowing a new skill or perfecting a new skill.. - That's great, thank you, Alfred.. 00:16:08,830 And I hear you also on this idea that you will actually stretch and learn the most by actually jumping in, it is the interactive experience where you actually have that knowledge actually baked in.. Having said that, are there any must read books for aspiring founders that have been salient for you and with the qualification that books only will get you so far? - I think books are great.. 00:16:34,810 I find them really good to put me into sleep late at night.. They tend to be long and entertaining..

And so you should read them.. And I try to read a fair number of books.. I would break them out, for me that has been helpful into three different categories.. Pick your heroes and read about them.. How did they succeed? What made them who they are? I think there's a lot to be learned about how people live their lives and make their choices.. And so I read a lot about Hamilton, about Einstein, about Ben Franklin, about DaVinci, and that's my sort of list.. And Walter Isaacson loves to write long books about these people, so I've read a lot about these particular people.. The other thing would be about how do you manage your mind, your psychology.. And I think in those areas, the areas that I find valuable and has stuck with me were about "Thinking, Fast and Slow," and particularly about, "Thinking Slow." And that's Daniel Kahneman.. The other one was, "Predictably Irrational," by Dan Ariely..

And it's these two behavior economists like open my mind about consumers and consumer behavior.. I work in the consumer business and they're just, you can rationally think through a lot of problems, but you have to understand that humans are not rational and how are they predictably irrational? Why do they make the same sort of, they get tricked into the same things again and again, it's really, really powerful.. And the thing that was really interesting to me about grit was not

that, many of us are gritty, but it was the deliberate practice that Angela Duckworth talked about.. And I think a lot of the time we go through the motions of doing things and you can come in every day by going through the motions, or you can come in every day, like what am I deliberately trying to learn and practice today? 'Cause we all have the same 24 hours in a day.. And a lot of it is taken up by sleep and eating and hanging out with family and friends.. And so there's pretty limited time at the end of the day.. And so making the good use of deliberately practicing the things that you want to get better at is quite important.. And then I think you should just read about great companies.. I happened to be in the shoe business for a while.. So "Shoe Dog," by Phil Knight was really interesting to me..

I was competing against Amazon.. So "The Everything Store," was quite a good book back then.. There's a better book now, I think about Amazon, which is "Working Backwards," by Bill Carr.. And I think there's not enough failure stories about entrepreneurship and what we can learn from failure.. We always talk about the successes and the failures are hidden behind a hero's journey and we should think more about how the mighty fall and I think Jim Collins wrote a pretty short book about it and I think the phases by which the mighty fall is quite valuable.. - Yeah, I agree.. 00:19:58,140 And we're trying to shine more transparency and light on that in ETL and hopefully we'll do more of that as well.. Thank you, that was fantastic, thank you.. I'm gonna move now into some more of the nuts and bolts of starting a company when founders or Stanford students are aspiring to start something.. And I wanted to start with this idea of how do you choose the right opportunity..

You had said in a previous interview or a post that your advice was, and I'm quoting you now was, "Dream about the dent you'll put in the universe, stay grounded in your reality and then build a plan that connects these two worlds." I thought that was really lovely.. And so I wanted to start with both of those worlds and start with the first world, which is dreaming about the dent you will put in the universe.. So if founders or students are starting to think about, dreaming about the debt they're gonna put in the universe, that aspirational vision, how do you know if you've chosen an opportunity or a vision that is worth dedicating your life to, or your precious limited time, as you said to? - You will know per se, 00:21:07,070 but you will not be able to get it out of your mind.. I think there are just, if you hear, if you listen to founders who, if I'm in the business of taking meetings and hearing founders pitch their ideas and you just know that someone's been thinking about this problem for a long time because they have gone into an enormous amount of details asking about every single assumption in the industry and they've broken up the industry apart and they just can't get this problem out of their mind.. So to them maybe they've felt the customer pain before because they themselves had to go through that issue or one of their family members had to go through that issue.. And so they know a lot about that problem, whether it's by experience or by just breaking up apart the industry.. They also know that you don't have to attack every single wrong assumption about that industry.. And an industry is like now built up and there's 100 assumptions, they're probably attacking 5% of that.. So five assumptions don't make sense and I wanna go attack that problem.. And I've thought about that and I really wanna go do that..

And I think maybe sometimes it's just a simple, people like these analogies and so I've learned to tell stories because I've been told to by a variety of people that people learn through stories and those are true, but I'm trying to give a framework first.. But here's a story that I thought was quite interesting and a framework, which is sometimes someone else's feature is another person's bug.. And the story I would tell is that my father, when he was running an international bank and opening up branches around the world, he would book the same hotel everywhere around the world that he was traveling to.. And he want the same room, down to knowing where the hair dryer was.. And I asked, I said, "Dad, you don't even use a hair dryer.. Why do you care where the hair dryer is?" And he just said, "Look, there's all this variance that I have to deal with.. I don't know which country I'm going to.. I have to go through customs.. I have to figure out whether the car's gonna be there when I land.. And I don't want any variance when I'm going to a hotel and sleeping." And I was like, "The same exact room..

You don't want a different room.. You don't wanna face in a different direction." He was like, "Nope." And to Brian Chesky, that is a jail.. So for him, my father.. - Brian's the founder of Airbnb.. 00:23:47,350 - Brian Chesky is the founder of Airbnb.. 00:23:51,300 And he feels like that's like sending someone to jail, like it's a confined space.. It's the same room again and again.. And his view is that you wanna live authentically and if you're going to Italy, you wanna more Italian home.. And if you're going to France, you want a home that is much more French.. You wanna live among the community..

And he's just viewed that as like that's a bug in the system that we have hotels that have the same room and the same functionality all around the world.. And so that is a framework that I've come to like believe in.. And you can't just say, "Well, that's a feature, therefore I'm gonna make it a bug." But why is that true? Asked Brian, why that's true and it's like, "We wanna be a local, who wants to go and be a tourist anywhere? You wanna go experience with the local experience." And I'm like, "Wow, that is pretty insightful.. I've never thought about that." People who like can't get a problem out of their mind and think very, very deeply, just have a better chance.. The other thing about devoting your time, if things go right, this is a decade, two decade, three decade journey, things go wrong, it's still a five to seven year journey.. I mean, the way people can raise money these days, maybe it'll change in the coming year or two.. If you're somewhat right, even if the company isn't a massive success, it's a journey.. And you want to feel okay about working on that problem for five to 10 years.. And if you don't, you can always use the minimize regret function, if you worked on this for five to 10 years and is not a massive success, would you be okay with it? And if you can answer that question as a yes, then I think you got a problem statement that you wanna go work on that is worth working on.. - And so Alfred, 00:26:00,910 there are many students who I think will say that they're thinking about something relentlessly and they can't get it out of their mind and they'll start things..

People will have that, but then few people will become Airbnbs and DoorDashes and houses, the list of successes that

you've seen, what mistakes do you see new founders or founders that are good, but not great make when they're choosing an opportunity that separates the great founders out in further detail? - What I've learned now at Sequoia? 00:26:38,740 And it's the reason why I think I fit here better because I'm a company builder too.. I think company building is a journey.. And there are different components of that journey along the way.. We like to partner early in the company's life cycle because there's a lot to get right at the beginning and plant the right DNA at the beginning and then it's a journey along the way.. And we like to talk about seeding excellence at the start.. We like to talk about getting the right decisions during crucible moments.. Crucible moments don't just appear and say, "This is a crucible moment," you're going, there's a fork in a row, which fork do you take? They're not that clear.. And I think founders are very, very good at starting.. And they start despite what everybody tells 'em and why it's gonna fail.. And so at the beginning, the reason they started was they basically didn't listen or they ignored all the advice..

Then over time you have to become a better and better listener.. And so there are a lot of things like that where the starting conditions, you're a great founder because you have those starting conditions and you have the characteristics for those starting conditions, but over time you have to evolve as well.. And company building starts with a seat of an idea to founders that are really passionate about that idea.. Then it's about the product.. It's about building the product and iterating on product market fit.. It's about customer product fit, who are the customers that you're building for? It's about storytelling.. How do you tell your story so that all these other companies that are starting off, how do you rise above all the noise? It's about getting your first customer, it's about go to market, what's your wedge into the market? There's a lot of competitors out there, what's your differentiation? And at the end of the day we're looking for a company that endures.. And so I think the most important element is not necessarily the idea, but the willingness to be on this journey and be willing to outlast everybody else.. There are other things that you can ask beforehand, whether it's the right time or condition, you can ask why now and we do that a lot at Sequoia.. And I think that is helpful to think about..

You can ask about, are there good tailwinds in the market? I think some of the misleading questions are like, how big is the TAM? I don't know how big the TAM was for ride sharing or for home sharing or for food delivery back when any of these companies were started.. The question is how big can the TAM be? What is the potential, what is the long term potential, or are there positive market dynamics? And at the end of the day every single founder and every single investor is looking for a very strong team solving a really important problem in a future large market and having a differentiated business model so that you can charge more than your competition.. But that's not a limiting set.. If you can look at it a few ways, there are a lot of things that satisfy those conditions, or you can look at it like, how am I gonna limit the set? Because I can't do everything, I can't start every single company and I can't invest in every single company.. So how am I gonna limit it? And for me, I've always looked for founder market fit.. And Tony at DoorDash has founder market fit because he grew up in the restaurant industry.. Brian has founder market fit because he just has been thinking about this travel problem for a long period of time.. Lauren Myrick at Found was an accountant, she started her small business, she had a small business on the side, she wants to help small businesses.. A lot of people have these stories and it's about the fit, why did they fit in this market? - Thank you, 00:31:28,193 that was fantastic.. Alfred, I wanna double click on what you were saying also at the beginning around how, what you're trying to do at Sequoia at the beginning is seeding excellence to sort of bake in this DNA for the long journey that's ahead..

You have been hailed by multiple founders for being really gifted on helping founders choose what to focus on.. And I think at the beginning stages, especially, most ideas are good ideas, or they're not bad ideas, but few companies take off and oftentimes that's because of the choice of what to focus on and what not to focus on.. Can you give any guidance for students who are wrestling with when they're starting something of the litany of things that they can do, how to get very clear about what to focus on at the beginning and then any other detail around when you're seeding excellence at the beginning, what are you tactically doing and focusing on? - I think the question obviously is a very important one, 00:32:28,640 but it evolves over time and where you should focus, well, along this company building journey, it will be different at different stages.. I think that when you're at the seed level and you've decided to commit to this idea that you you're on, you have a co-founder, you have a set of people that you've convinced to join you.. Now that you have that, you got some funding and you're off to the races, what are the things that are important? I think you just have to think about like who your customer is and what are your products gonna be? Inside of whatever timeframe you think you are on to build a product, whether it's three months for a prototype or six months or a year to get the product to generally available for the public.. That's not that long of a period of time for three to five or six people to build that product.. So you need to sort of focus on what the problem is, what is the problem that you're solving for the customer.. But before you say that, even answer that, you have to understand who your customer is gonna be.. And it's easy to say, every single person should be a customer, like every single person eventually became a customer for Amazon, but every single customer was not an Amazon customer when they were first in the books business.. We know how few people read in this country (laughs)..

The number of like readers is quite small, but they were focused on readers and people who wanted a better way to find the books and not their local bookstore or their local Barnes and Nobles, they wanted a wider selection because these were avid, avid readers.. And the number of avid, avid reader is so small.. And is that a good or bad thing? I think it's a funny thing because you could say the TAM for that is too small.. You could also say the TAM for selling shoes is too small, but it turns out to be a very interesting wedge when nobody else wants to do it.. One of the things that led to the success of Zappos was that everybody thought the idea was crazy, or people thought that the market was too small or nobody would buy the shoes online.. And I think probably people had the similar reaction to Amazon, or just the bookstore, like how big is the book market

and how many avid readers are there who are gonna be your customers? Could probably say the same thing about food delivery or Uber or Airbnb.. Many of these problems seem small to start.. And the focus is to make sure you have avid fans that will allow you to broaden into the larger business.. And it's nice to say today that Airbnb is in the lodging business or the experience business, but at the beginning, it was sort of much more focused on home share.. And the name of the company was Air, Bed and Breakfast..

It wasn't about all accommodations, it wasn't about experiences, it wasn't about long term stays and work from anywhere, Lyft from anywhere, that talked about yesterday at the earnings call.. It always starts with a small, very focused idea.. And you gotta focus on those kind of things.. And we teach this at Sequoia in our company design program about customer product fit, where you don't even have product market fit yet, just customer and product.. Who are your customers, what's your product for those small set of customers and how do you make them avid fans? Then after that you're trying to make the product into product market fit.. And I would challenge people to say that product market fit is a long term journey, you're always working on product market fit.. And some companies never get there and they fail because of that.. But even if you have product market fit, you're constantly tweaking the product for the next adjacent market or the next suburb.. In DoorDash's case, they had Palo Alto working.. Is it that easy to get San Jose working? Turns out that you needed to change a few things for San Jose and for LA and for New York or even San Francisco, even though they had Palo Alto working..

And so you're constantly working on product market fit and it's not as simple thing as, oh, when you have product market fit, you'll know it.. I think that's a true statement when something is ripping, but often things are not that simple.. And it always looks like it's ripping after the fact, not during.. And so what do we ask people to focus on during the process? During the process it's about inputs and Amazon has this great sort of thing about don't confuse outputs with inputs.. Board members love to manage from outputs, like what do the financials look like? But the financials are the output of all the things that you did for a while and the building that you did.. And so I often talk about a company in the sense of input, throughput, which is the company that you've built and how quickly you can take the inputs into outputs.. Financials are the ultimate outputs, but what are your input metrics? And I don't think enough is thought about the inputs.. And the hard part about the inputs, you will always have more input metrics than you have output metrics.. It's easy to rally the company around one or two or three financial metrics.. It's a lot harder to do that with inputs and I think that the crux of the issue because you should be constantly thinking about inputs and you should constantly be changing them over the years..

- Awesome, thank you.. 00:38:39,220 That was great detail, thank you, thank you, thank you.. I wish we had like two hours 'cause I would wanna go even deeper into some of those questions, but we do have a litany of student questions here, so I'm gonna go down.. I'm going in prioritized order, Alfred, just based on who's uploaded most, the most uploaded question Alfred is, do you use caffeine? I don't know the context around that, but there you go.. - I drink a lot of coffee.. 00:39:03,820 I drink a lot of Dr.. Pepper.. Yes, I take caffeine.. - And can I ask just to deepen this, 00:39:14,750 Alfred, you were number one on the minus list in 2001, but you're far from the most outspoken individual in venture capital.. And we're living in a time when tech founders and VCs are becoming celebrities of sorts..

I think you are in strong relief to that and you've even self described yourself as bland and boring.. Can you speak more to how you think about your relationship to the public sphere and just anything around, is it telling the fact that you are number one, even though you don't come across as somebody who's trying to grab everybody's attention and be the most flashy person in the room? - I don't know how to really answer that question.. 00:39:55,640 I've never been a flashy person.. I don't really like being in the limelight, I'm a learned extrovert.. This takes effort for me.. When I was COO, it took effort for me to get on stage at Zappos and speak on stage.. I don't love these things.. I much rather be in a room one on one with people and solving hard problems.. Maybe it's because of my background being more in math and statistics working on problem sets, but I don't have any desire to be a celebrity.. I don't spend a lot of time, I don't really tweet..

I'm not on Clubhouse.. I don't do those things because I don't think that it's helpful to the companies I work with.. And my primary objective is to help the founder reach their full potential and help them get their company to reach their full potential, rather than having me be out there talking about how good I am or Sequoia is, or my companies are, that's being a mega, I think there are other people who are great at that and that's fine, I think all of us, the one thing that you'll find is all of us are very different in the venture capital industry.. And that's great because all of us will find a different way to success.. - Terrific, the next question is about attributes 00:41:30,377 to look for in a co-founder and it asks, "Of all the exceptional people you met in Stanford and Harvard, what you decide to work with Tony? What do you look for in a co-founder and what trait do you feel is most important," I think for Stanford students or others to look for in a co-founder? - I think, it's a very personal decision.. 00:41:51,010 In some ways it's very much like any relationship, whether it's a business relationship or investment relationship.. If you take it from a standpoint of a relationship, it is not a shoot from the hip, let's get the round close in a week because we're taking the highest price.. If that's your objective, not looking for a relationship.. And the same is true with a co-founder.. I think with a co-founder, I think you can create these matrices of what skills someone is good at or not good at and you could try to like score it, but it comes down to whether you want to work with the person for the next five to 10 or 20 years..

And the answer to that can only be revealed by spending time together.. And I think the ways that people spend time together is also interesting to me because you want a co-founder to be around during the hard times, not when you're both like, the company's doing well, you're operating your two different things, et cetera.. I got this side, you got this other side

and where everything is going fine.. You know you have a good relationship when things hit the fan and you wanna be in the trenches with that person.. And I'd spend time thinking about those things.. - Great, thank you.. 00:43:23,557 Next question.. Can you please share your thoughts and insights about your portfolio of investments? Like what industries you would be interested in and which countries or regions you would like to invest in now? - Well, Sequoia invest in a bunch of regions, 00:43:43,230 we are in the US, we're in Latin America, we're in Europe, we're in India, we're in China and we'll go anywhere globally.. We believe in helping build global businesses.. So I think the geography is not as much of an, we're in Southeast Asia as well, it's not as much of an issue..

Areas that we're interested in, at Sequoia we're all generalists and we do that for a reason because there's gonna be ups and downs in any theme, any sector, et cetera.. And so our job is to be an investor in the most important companies of tomorrow regardless of theme.. And that is a tall order.. If you think about sectors, we're not trying to make the best investment in a sector, we're trying to make the best investments across sectors, that's what makes for a great investment firm.. And so we spent a lot of time thinking about themes, thinking about landscapes and we try to have a prepared mind, but at the end of the day we listen to founders, we listen to founders on what they're interested in and what they're working on and what's captivating their minds and what are they studying? And so we listen to them a lot about what's fascinating to them.. And so it's probably not a satisfactory answer because you're looking for, if you're asking me that question, you're trying to see what's hot or what's likely to get invested in, but I would push back on that.. It doesn't matter what I think, actually, and it doesn't matter what all of Sequoia thinks, we're gonna miss a whole bunch of themes and interesting sectors because there are way more people outside of Sequoia than inside Sequoia.. And there are way more people thinking about this problem, about how do we sort of build a better future? And so I would listen to all of those people more than I would listen to what I would say or anybody else at Sequoia would say.. And if you ask me like, "What things," yeah, we have a consumer meeting once a month.. We have an enterprise meeting once a month..

We have a crypto meeting once a month.. We have a blue sky session where we're thinking long term about what themes are interesting or developing that we should spend more time on.. And there are always things that come up.. And I think that those things are fascinating to some degree from an intellectual standpoint, but we're not gonna go start these companies, so it only matters what you wanna do.. - But Alfred, what do you say to the students that say, 00:46:45,730 "I'm open, I just know I wanna jump in and do something entrepreneurial, can you tell me if there's an area that people aren't paying enough attention to that you think I should?" - Well, I think things that 00:46:59,743 you're probably in a better position to see, you can ask that question and get to the bottom of that question.. The reason is you're at a university setting, a lot of interesting things are done at university and inside of your lifetime they will get commercialized, not everything, but a lot of things.. And so what's being studied right now, what are the hot areas that are being studied? Generative AI is one of 'em.. Now that we have all these research projects coming out, we're finding interesting applications.. We can teach a computer how to write copy, that's pretty interesting.. And maybe it's not perfect today, so what? It's not artificial intelligence, it's augmented intelligence, it helps the human unblock the writer's block..

I probably think that's pretty interesting.. There's a lot of things that can happen with that.. I think the interesting things around AI is not to solve the complete problem, but to augment human intelligence, not to make it completely artificial.. I think self-driving cars is already doing that.. It's not self-driving completely, it's not level five, but it's pretty good on the freeway.. And that saves me a lot of stress.. I'm still looking at the road most of the time, I may check an email every now and then, but still looking at the road, but I'm not stressed out the same way as fighting traffic, that is a life improvement that we don't talk about enough.. But think about that as it goes into different industries, like computers can now write code, not great, starts it and then you can edit it.. We can become editors instead of writers.. That's a big deal for a lot of us because a lot of us are not great writers or not great software engineers..

And then the thing that blows my mind is Dolly, which is, maybe it's hard enough to write code or hard enough to write copy, but I'm definitely not artistic.. So the fact that you can design things and make people a designer, that's pretty interesting.. Stanford just got this large grant, an investment from John Doerr and Jerry Yang and a few others, that's a billion dollars going into sustainability.. And a lot of sustainability is maybe still a research project, but taking carbon out of the Earth is, there's gotta be an application there, we're investors in Watershed, just by calculating, looking at your bills we can determine where you can be a better, sort of contribute to the climate and do things so that you can alter your behavior around climate.. These are all really interesting things that are happening.. And probably the most interesting thing that happened recently is \$100 oil is gonna force us to do things more sustainably because it's too expensive to burn oil.. - Those are great, thank you.. 00:50:16,830 Next question, what is the end game for Alfred Lin? When will you feel like you have made a significant enough dent? - (laughs) That's a funny question.. 00:50:25,883 There is no end game for me.. My end game is to help founders build legendary companies from idea to IPO and beyond, that is Sequoia's mission..

It's my mission and it's a mission that is, you may think it's a little mushy and it is, all mission statements are a little mushy, but I take that to heart.. My job here is to help the daring build legendary companies.. We're not for everyone.. We only want people who are daring and who are on the path to building a legendary company, not just a market leading, even a market leading company, an non-leading company, or a market leading company, we want a legendary company that endures the test of time.. And we're here to help, we're not, I say this with a lot of respect, so like, and you should know that there are a lot of ways to do this business.. And so I say this with a lot of respect, we help with company building, we don't even think of ourselves as investors, we don't think of ourselves as buying low and selling high.. And we certainly don't trade every day the

securities, even the public securities that we have, we take a long term view.. And I say that even though my brother works at a hedge fund.. I think that is who Sequoia is, that's who I am.. And I don't think of this as a game, I think of this as a mission..

- We're down to final two minutes.. 00:52:06,093 There's a question about how can an undergrad get into Sequoia Capital? And I think there is gonna be a portion of the student body that wants to do venture capital and not necessarily entrepreneurship.. Do you wanna address that audience? - Well, you can send an email to me 00:52:22,760 at lin@sequoiacapital.com and tell me why you think you'd be good at this job and why you want a career in it.. If you just want a job, you're probably not right for us.. This is a long term career, like you will not know whether you're good at or bad at this for a long time.. And I'd actually encourage people to not try to get into venture capital.. In fact, every single person that applies here, my first job, I feel like is to convince you not to work in venture and then if you still really want to, I'll tell you why it's such a great business, but there are a lot of things to do in the world and go out there and explore them.. (upbeat music)..