

URL: <https://stvp.stanford.edu/clips/dont-be-the-smartest-person-in-the-room>

"If you want to be the smartest person in the room about everything, you're going to build a crummy team," says Heidi Roizen, operating partner at Threshold (formerly DFJ). From her perspective as an investor, Roizen says she looks for entrepreneurs who attract the best people and who empower others to create great things.



Transcript

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..