

URL: <https://stvp.stanford.edu/blog/videos/finding-the-right-motivation-entire-talk>

David Rogier is the founder and CEO of MasterClass, a streaming platform that allows members to watch video lessons from top-performing professionals like Steph Curry, Margaret Atwood, Martin Scorsese, Sarah Blakely and Serena Williams. In this conversation with Stanford lecturer Ravi Belani, Rogier discusses why he created MasterClass; how he engaged the right investors, advisors, and talent; and how he dealt with hundreds of people telling him that his idea was impossible.



## Transcript

Narrator Who you are defines how you built.. 00:00:07,240 - I hope you guys are all ready 00:00:09,790 for a masterclass on MasterClass, because we are incredibly excited today to welcome the CEO of MasterClass David Rogier.. I'm sure you guys all know of MasterClass, but MasterClass is the live streaming platform that lets anybody learn from the world's best.. David was born and raised in LA.. He started the entrepreneurial bug bit him early.. He started his first search company I believe when he was a teenager which got acquired.. He then went on to study political science at Wash U and after Wash U, he worked for Tesco, the British retailer, helping them come to the United States.. He then came to the farm to Stanford to get his MBA.. And after his MBA, he was hired by and invested in by the much beloved Michael Dearing.. And he started then MasterClass in 2015..

MasterClass has made a mark in lifelong learning, really becoming one of the breakout companies in lifelong learning where anybody can get access to luminaries such as Martin Scorsese on filmmaking or Serena Williams for tennis or Stephen Curry for basketball or Margaret Atwood for writing the list goes on and on.. And so we are incredibly honored, but don't leave Stanford everybody even though there are icons out there, we're incredibly honored to have David join us at ETL.. So welcome David.. - Thank you, it is an honor to be here.. 00:01:39,360 I grew up on these podcasts, so I am grateful to be invited to speak.. - Well then you know the power of these podcasts 00:01:48,930 because it really is a full circle moment.. I think when we have somebody who grew up on the podcast, come back to be on the podcasts and what I'd love to do is start from the beginning because you've raised a staggering amount of capital.. You've raised \$240 million.. And I think oftentimes it's so easy in our culture to laud the breakout companies like MasterClass, which almost seemed like inevitabilities when you look at it in retrospect, but I feel like that does a disservice to the journey that you have actually gone through.. And so I would love it if you could to take us back not when you raise 240, but just, when you were before that \$2 million check or during that \$2 million check, when you're in the stages of starting the company out, can you shed some light into what it felt like at the very beginning, what was that process like when you were starting MasterClass and how did you come up with the idea? - So after school I went and worked for Michael Dearing 00:02:51,110 and I was working for him..

I was investing in startups and after a while I missed building things and I missed creating things.. And I talked to Michael about it and Michael said, well, why don't you propose something to me? And I was like, okay, what if I go work on a bunch of things I have in my mind, ideas? And I could use some funding.. And Michael funded me, which was amazing 'cause I didn't have like a locked in idea or locked in team or anything.. And so, I was thrilled, right? I mean, this is a chance of a lifetime.. It's a once in a lifetime opportunity.. It was also terrifying because it was a once in a lifetime opportunity and I knew this was gonna be a chance I wasn't gonna get again.. And so I felt my own pressure without any structure to think of a great idea.. And there are lots of books on it.. There's lots of podcasts on it, but there's no, there's not one way that for sure it works.. And so I started thinking of my own needs in my life..

I started thinking of trends happening in the world.. I started talking to other folks to here needs of their own.. And I was trying all their ideas and somebody gave me a great piece of advice.. She said, choose something that even if it fails, you are gonna be proud of it.. That was an amazing constraint.. And I think sometimes having those constraints can make you more creative.. And so then for me, it was like the optimization of sales flow and funnel, wasn't gonna be the thing.. I had to think what are the things that actually drive me in life? And I thought a lot about my grandmother.. So I was in part raised by her.. And I remember in second grade, I would always go on the way back from school I'd always stay with, I would stay with her

after school..

I remember in second grade I go to her house and I would complain to her about all the math homework I had which obviously I didn't have a lot because I'm like nine years old.. And my grandma, I'm complaining to her, I am whining about it.. And my grandma tells me, I wanna tell you a story, which is like the last thing you wanna hear when you're like nine years old.. And my grandma starts, she was 16 years old living in the time in Krakow in Poland.. Her and her mom go on a family vacation.. Dad's gonna join, but stays home a couple extra days to finish some work.. While they're on vacation, the Nazis invaded, they killed her father, took everything.. She flees to New York city.. The only job her and her mom can get is on the factory floor of a factory.. They're working side by side and my grandmother's side she wants to become a doctor..

She finds every medical school in the state of New York and applies to them.. She gets a no from every single one.. She applies to every school she can, she gets no from every single one.. Keeps working factory and she starts calling the deans of admissions and asking, why am I not getting in? And they all hang up on her except for this one guy who says, I'll be honest with you.. You have three strikes against you.. You're a woman, a foreigner, and you're Jewish.. Hangs up the phone.. She keeps working the factory.. Applies again the next year and gets into one school and becomes a pediatrician.. And I'm eight or nine years old and I'm staring at her 'cause this is intense stuff to be hearing from just having complained about math homework..

And she goes, David, the point I'm trying to make to you is education the only thing that someone can't take away from you.. And that lesson stuck with me hard.. And I realized if I have this one chance, I wanna try to build something that other people can't take away from others.. With that as a constraint, like all of a sudden, the world of what I was gonna work on got much smaller.. And I knew it was gonna be in education.. And then it was about evolving and iterating and figuring out what was that going to be inside education.. - I love this idea that the constraint created focus 00:07:11,690 because it sounds like it might've been sort of this existential crisis without the constraint where you were funded and you could do anything and that was a bit unwieldy.. Is that true? - Yeah, I do.. 00:07:24,500 I think having constraints can breed creativity.. - So some people say when you're starting out 00:07:31,160 with the idea to try three or four different ideas in parallel and see which one works..

Others say just focus on one idea and run it until you know it's gonna succeed or fail and then shift to another.. Do you have a philosophy on that? - I was trying a few different ideas at the same time.. 00:07:49,460 I think in the beginning stages that's totally okay to do because there's sometimes you're working on one idea and there's like a delay from when you aren't getting a outcome backwards all back.. So you try to test something or we're in a poll.. So having a few ideas, it keeps you busy and there might be things you've figured out in one that you like, oh, I can bring to the other.. There also can be ones where you're working on it and you're like, I'm just not that into this.. Like I'm getting bored already.. And if you're already bored at the beginning stages, put down the idea.. - And so that's a good heuristic.. 00:08:20,222 When you're bored that's the time to put the idea down and keep pursuing it the other ones..

- Yes, 'cause there's gonna be an idea 00:08:24,090 that you're gonna work on for, if this is successful for potentially the rest of your life.. - And I think most ideas that when you're starting out 00:08:33,580 are good ideas, but very few actually succeed because you hit sort of this end of the runway and either you get bored or you run out of time or you run out of cash.. And so, so much of it is just deciding what you choose to focus on when you're starting out.. So it's, once you had this idea, this enduring sense of purpose against this idea, how did you decide what to focus on in order to take off? Did you have a minimally viable product or a minimally viable goal or some minimal criticality that you were shooting for and how did you choose, which metric did you choose and how did you use that metric versus others? - Yeah, I mean, it took some time from knowing 00:09:10,720 the space in what was trying to do to coming up with the MasterClass idea, that idea of MasterClass.. And that was, user interviews to mock stuff up to do some test shoots and things like this.. So all that took some time to kind of hone in on that.. And then what ended up doing was the advice of Roy Bahat, who's an early investor of ours who said, you need to create, think of this as a science experiment.. Come up with the five things that have to be true for this to work.. Okay, I have to get these types of people at the top level to be able to agree to do a class.. I have to then prove I can make a good class with these types of people..

I have to then show that people wanna buy this class.. And then show that I can do it at scale and that you can then like build an organization that will last forever on it.. And you start thinking, okay, how can I prove each point? And you don't necessarily have to work with them in one, two, three, in order.. So for example, as I'm working assign, one side you're really honed and working assign folks like Martin Scorsese and Christina Aguilar and Steph Curry, okay, I'm gonna hustle, I'm gonna cold call, but at the same time I can run tests on and polls and surveys, would you be interested more in a Dr.. Dre class or in a Barack Obama class? How much would you pay for it? So you can start working on the whole science experiment and you don't have to work at it just one step at a time.. - And you would not recommend looking at one step at a time.. 00:10:51,020 It sounds like you, there's virtue in making it iterative and constantly adjusting each of the levers.. Is that right? - Yes, I think that's right.. 00:10:57,940 I think you have to be very select though about what stuff you do spend time on.. There's a whole lot of things when you create the idea that can take your time and suck up that time, which doesn't help the core idea or help test the core idea..

- And how do you know when something 00:11:14,653 is a time suck versus an investment? Or something that you should

kill versus something that you should feed.. - Are you thinking of like which idea to stop working at? 00:11:22,580 - No, I'm thinking about these five different levels, 00:11:23,870 these attributes.. - Yeah, I think for that, you have to like go back 00:11:29,543 and think what are the things that are gonna make this a success or not, and really push yourself on it.. So, for example, you can spend a year of your life optimizing the health care plan of your employees.. There are a thousand options to pride for it.. In the beginning stages, the success of your company, isn't gonna be you chose health care plan A or healthcare plan B.. So you think, okay, what are the things that are gonna actually define your success? And you really have to really strip that down.. One of the things I did was I actually discussed it with other friends and other investors my list of five things.. It had them push me on it.. And I remember talking to a friend who was like, the first thing you got to work on is getting these people to actually teach..

Without that there is no idea.. And you're like, shoot, that guy's right.. That guy's right.. And so you have to be very strict with yourself and really push yourself on it.. - I think everybody who's interacted David 00:12:29,850 with MasterClass loves it, but it's not the first life long learning platform.. This space has been around for a long time in various incarnations.. If you had to attribute it to one or two things, why do you think MasterClass broke out whereas others didn't.. - I think it's misunderstandings that education 00:12:59,610 and learning are the same thing.. They're very different.. Ask everybody who's watching this if you love to learn, almost all of you will say, yes..

If I ask if you loved school, most of you will probably say no, but then you'll each say that there's three professors or school teachers that changed your life.. And I think in that contradiction or student contradiction is part of the idea that we as a society think education, first of all stops after school stops.. And we think that education is only if you're in a classroom basically.. When I think the rate of change has increased so much in the world, that education, like what you learned in school, it used to last you for your entire entire life.. That isn't the case anymore.. Now we have to learn every day and we have to take charge of our own learning.. And to do that, you wanna learn in a way that you're gonna enjoy.. You wanna learn in a way that doesn't feel all the pressure of a bad class you want, it's the best parts of it.. And in there, is the intersection of entertainment and learning.. And I think that's, our secret is we were able to figure out that kind of space and that kind of-- - That's such a beautiful and such an unintuitive in truth..

00:14:23,803 I think that I never really realized until now, was that an unintuitive truth something that you always knew or was it something that came out of this discovery work in iterating with users and customers? - I think I didn't, deep down I knew it, 00:14:40,157 but I couldn't articulate it.. I love to learn and school was rough for me and so I couldn't rectify those things.. I loved to learn, I didn't like taking on MOOCs why, right? And so it took the user interviews, the tests to be like, ah, to understand why if that makes sense or the how for it.. - And after you had that discovery of the how, 00:15:08,410 did you know that MasterClass was gonna be a success at that moment and if not, when was the moment that you knew that MasterClass was gonna succeed and how long did it take to get there? - Yeah, skipping a bunch of steps, 00:15:25,031 we brought on a team, co-founder joined and we launched in May of 2015 with about five classes.. And this is like been my work now for probably two or three years.. And so I am, I mean, so excited to get it out in the world.. Of course I'm nervous, but I think everybody in the world is going to wanna know about this.. Because it's all I've known for the past two or three years.. And we get ready to launch.. And I remember one of the guys on our team got me an extra phone charger 'cause he's like, your phone's gonna ring off the hook..

'Cause you had been in stealth.. We launched the first day and I expect sales to be very high 'cause the press is gonna know about it.. Everybody is gonna know about it, right? So the first day will be really high.. First day is not high, is not high at all.. And I'm like, we are screwed.. I went home and I don't often do this, but like I cried because I'm like, I got all these people on board, Serena Williams, James Patterson, Annie Leibovitz, Usher, Dustin Hoffman.. And I'm gonna have to go to them now and tell them, thanks for your faith in us but this isn't gonna work.. And I called my parents and they were like, you gotta fake it up until you make it.. Up until you find a solution for this, you got to act tough.. Next day, I go to the office and I run into someone on our marketing team and he has a big smile on his face..

I'm like, why are you smiling? He's like, this is gonna be a big business.. And I'm like, wait, what? And the guy was looking at our advertising response rates and our conversion rates.. He's like, this is gonna scale.. And our second day was above our first day.. And I was like, oh wait, hold on.. If the curve is gonna keep going like this it might work.. And then our third day in our fourth and all of a sudden, you're like, sales are increasing, the company, I'm like, ah, and so probably the first day I thought, the first time we launched, I thought this wasn't gonna work on the second day I knew it was gonna be a big business.. - And it was two years before that first day launch.. 00:17:41,080 Two years post when you had that conversation with Michael during that-- - Oh, from the point of talked to Michael Dearing 00:17:46,140 that was probably roughly three years.. - It three years, okay..

00:17:50,513 Wow, that is terrific! And that metric that you knew was it sales? So oftentimes people I think wrestle with, do they focus on monetization? Do they focus on growth? Do they focus on engagement? Are any one of those fine or was there one that stood out for you? - I think you have to figure out 00:18:09,700 what is you're trying to achieve.. We needed to know that we could reach people at scale.. And so for us, it was about like our LTV to CAC.. Like, can I profitably reach folks? And then how much room do I have on that? And so we saw that we had lots of room.. - Do you have a vision of what MasterClass will become 00:18:30,900 in 10 years or do you operate where you don't think that far out and you're just trying to respond to what you need to do in the next six months? - We talk about internally as 100 year plan.. 00:18:42,260 And I

liked talking about it as 100 year plan because I like to get us out of the weeds, out of the optimization for a month or a quarter, and really think long-term.. And it's about making it possible for anybody to learn from the best.. Imagine if you can go back in time and take a class from the Wright brothers, even if 80% of what they figured out was wrong, it'd be fascinating.. And so part of our mission is to be able to create that so in the future, that actually exists.. So to me, when I think about 100 years out, it's less about what does the site look like? Or what is the tech and the apps we're using, but it's, how do we become a staple in every home on the planet? And my dream would be in hopefully it's not 100 years is less somebody who has never had exposure to these people takes one of our classes, becomes inspired and comes back to actually teach..

- And what do you think, 00:19:34,350 well, I don't know if the right term is education or learning and maybe there's a distinction then in that vision, but do you view yourself as disrupting fundamentally how education is gonna operate in let's say 30 years.. And if so, is there a desire to disrupt traditional education as it exists today? - I think the space where you're applying 00:19:56,470 is the learning space.. So I think wanting to own that and owning the intersection of entertainment and learning to me is that's a space we own.. I think less about other people in the space or in the market.. There is always gonna be a role for intensive education.. There's always gonna role for that.. So it's less that it's just, I think we don't have a school for the rest of our lives.. We don't have a school for life after college and what that school looks like isn't gonna be like the school that we attended.. It's gonna have a different form.. There's not gonna be tests or quizzes..

It's gonna be something that helps you learn for the rest of life, which means you have to, it has to bring joy back to you.. - Well, David, I think that's great.. 00:20:42,470 And I know that you have all these iconic masters on MasterClass, but I understand that you're also a master yourself of really great advice, having gone through this experience doing so.. - That's not true but that's fair that you said.. 00:20:54,603 - I wanted to ask you, 00:20:59,550 I wanted to have a little David MasterClass for our students and kick that off first by asking, what advice do, most of our students are now at 20, or like in their late teens, early 20s? What advice would you have when you're at that stage in terms of career advice, in terms of deciding what you should do? - I think the first five or 10 years of your life, 00:21:21,620 in your career, your job is to figure out what is greatness and what I mean by that is working with a bunch of different types of people, in a bunch of different fields and areas and figuring out this is what a great CFO looks like.. This is what a great CMO looks like.. This is great unit economics.. And the reason is, is in the beginning, at least for me, I didn't know what that looked like.. So in your first jobs, what I did was like, if somebody thought the same way I did, I assumed that was right which is very egotistical.. As like months progress, you realize, Hey, there's somebody who's doing something that I wouldn't have done, but it logically makes sense..

Oh, that's kind of impressive.. And you learn, Oh, maybe that's what great looks like.. The third step is you meet somebody who does something that you don't understand, or you don't agree with and it works really well and you're like, wait a second, maybe that's greatness.. And it takes that evolutions and why that's so helpful is it helps you figure out who are the people that you wanna work with because you now know what greatness feels like.. It helps you when you wanna work with other people, when you hire other people.. But also it gives you a sense when you're in a business that's doing very well, there's a lot of things that are intangibles that you wanna understand 'cause you're gonna see that in your own life.. So that's I think like my first piece of advice.. So much so that I would prioritize that over almost any other thing in your jobs, I'd prioritize that over how much money they're gonna pay you.. I'd prioritize that over your job title.. In your first years of your life, it's about learning as much as you can in your jobs..

That's like my first piece of ice for that.. I think in entrepreneurship, it's a little different.. I think in entrepreneurship, before jumping in, it's the hardest thing you're ever gonna do, at least professionally.. I think I have lost friends.. I've put on weight.. I've been stressed at a level I didn't know existed.. You can't get it out of your head.. And there are really dark days and it's really brutal and hard.. And you have to be okay with that and accept that.. And on the other side, it's also the best thing I've ever done..

You realize a self competence in yourself that you gain from it.. The feeling of having impact on a scale is addicting and fulfilling.. Working with people that are the best in the world at what they do, it's just a high end life.. And so it is, single-handedly, like this is the best job I've ever had.. It's also the most difficult job I've ever had and you have to be okay with that.. - Well, I think it's very hard to leave.. 00:24:08,540 I mean, it's certainly the most engaging and intriguing experience it sounds like you could have.. And in those dark times, I think that is when you also are, it forces you to open up to get help and to get advice when you normally wouldn't.. And I think advisors can play key roles in, especially if you're navigating it to areas that you don't know how to navigate into before.. I understand you have some good advice on that..

- I've strong opinions on that.. 00:24:33,360 - Okay, can you share your advice on advisors? 00:24:35,420 How do you? - Yeah, my advise on advisors.. 00:24:36,760 I did it wrong at first.. When I did an advisor, I was like, I know lots of smart people.. I'm gonna ask them advice on every decision I have to make.. If you ask three smart people or five smart people for advice, you'll get like 100 different thoughts and opinions, and it is paralyzing because these are smart people.. And so what I realized is, you need to, in the entrepreneurship journey, your whole path and journey, you want like two advisors that you kind of tell everything to.. And you want advisors that are a couple stages ahead of you.. And then what you want are people that have strong points of view.. Because what you're actually, I think asking them for is not advice in the situation..

There's no way they're gonna have all the contexts, like know exactly what to do.. What you're asking them for is a, what

you want is a strong point of view that you haven't thought of.. And you want two people that do not think the same so you get more diverse, more expansion of ideas and diversity of minded.. Because when you're actually asking them to do is show you the rest of the chess board.. It's almost like when you're not familiar you can only see a couple squares around you.. And what you're asking is not where to move your piece, but it's for them to like unhide the rest of the board, or imagine that in a computer game you're playing, the rest of the world or whatever it is.. That's what you're asking for, 'cause then you're gonna be like, Oh, I didn't know that was an option.. Oh, I can do that.. I'm gonna go to that's square instead.. - I love that the biggest blind spot is the things 00:26:05,460 that you don't even know that you don't even know..

And just getting that visibility is really where the insight is.. That's, terrific.. Thank you, David.. David I know you've been pretty open about talking about having a stutter and your experience with that.. And I find that far too few leaders do talk about that.. And so if you can, I would love to ask about what is your, can you talk about the experience of having a stutter? Can you talk about what your relationship is like with your stutter and what's the best advice that you've received or that you would wanna give to others, either with a stutter or with some involuntary situation that they have to navigate with? - So I stutter, you guys are probably heard it.. 00:26:43,890 I stuttered since I was a kid, it was much worse when I was a kid, which is common.. It was especially early on in life, it was very difficult.. I was teased a lot for it in school.. And it's really frustrating to not only not be able to express yourself, but it's really frustrating to have an idea you wanna express and people when you stutter, they don't focus on your idea, they focus on the stutter..

So to realize, even if I can get the idea out, they're not gonna hear it 'cause they're just gonna focus on how the words came out.. I really think a lot, my parents and my brother.. My parents basically had a rule for us that they weren't gonna let stuttering, it wasn't gonna be allowed as an excuse for not doing anything.. So for example, when my parents had friends over for dinner, the expectation was my brother and I joined them and engage in adult conversation even at like age eight.. And the idea was, is like, you're not blaming not participating on your stutter.. And I think that had a big impact on my brother and I, because it made it seem like it, well, if that's not an excuse at home, then like, when can I use that as an excuse? And I remember I told my grandparents that I stuttered and I was being teased in school and they gave me a hug and said, so, because to them who, the other side had been in concentration camps.. And I'd mentioned my, I talked about the other side that escaped to them.. You think a stutter is bad.. I mean, you wanna talk about bad things in life.. And so, it was always with a hug, but it was like, that's not gonna stop you..

So there are times are really hard, and I'd done a bunch of work on it in therapy, but I don't know, it's something I have for most of my life.. - Well, thank you.. 00:28:39,480 Thank you for sharing.. I'm gonna turn it over to the student questions in a bit, but I'm gonna ask one more question before I do, which is, one of the focuses for the ETL for this year is around principle driven entrepreneurship.. And I wanted to invite you to speak to, if that honestly, if you guys do use principles in driving entrepreneurship.. I also understand that there was a situation in one of your fundraisers where principles came to play with a perspective investor.. I don't know, to what extent you can share, but to whatever extent you can, I wanna welcome it on or any real life situation that caused where you had to invoke your principles in making decisions and what you did.. - One of the things I encourage all you to do 00:29:35,810 is to really think about, zoom forward ahead in your life and say, Hey, if I'm on my deathbed, what do I have to do in my life to not regret anything? And for me, that is, and that can change over your life.. But for me right now, that's, I don't wanna be on my deathbed and think I didn't try to make the world a bit better.. And there are times I think I'm living that life and there's times I'm not..

And so then for me, from there, I could stem some principles I believe in.. And so one of the things we tried with the company is anytime we have to make a big decision or something hard, we list out first our principles, and that can change.. So when the pandemic struck, we came up with our list of our principles.. When there's a hard decision we're gonna make on funding or expanding this area, we also do that.. And there was one case where we were doing a fundraising round and we got approached for a raise.. And we got an investor who wanted to invest and one of the investors who we saw that we thought it was gonna be a really great fit, we found out in back channel with them that they did not match and live our principles.. And even though the terms are great, they really didn't.. And I went to the board and I said, Hey, look, I know these are offering really fantastic terms, but this isn't who we are and it's not who I wanna work with.. And I was so nervous about that because, you can imagine a board being like, tough luck, David, you just choose the people that are gonna give you the best terms.. And my board was amazing about it and supportive about it and said, we have your back..

And I called off that investor and that fund and I told them, I'm not taking the money.. And I thought if I'm really gonna live our principles and our values and I was pushing on this by a close friend and our COO who was like, if you're gonna live your principles, you got to have the conversation with them.. And I had the conversation about why I'm passing, because I was the only way I thought that actually might have some change in the world or impactful.. - And was this a situation where 00:31:54,860 it was just a disagreement on principles where they understood that they stood on the other side of a principle? Or was this something where the investor didn't even know that they were doing something that you were aware of? - I don't think they agreed with my interpretation, 00:32:10,690 with how I think they live and act.. But that's fine, but like, I'm not working.. - And is there any level of specificity just to make 00:32:18,440 this more real for the founders on what those principles might have been, or, and you don't have to, if that's the level of share that you feel comfortable with.. - Everybody's principles are gonna be different 00:32:33,940 but for mine, I picture, who are people I wanna be in the foxhole with, who are people I wanna work with? How do they treat other people? And how do they treat other people to have less power than them? So, yeah.. - Okay, and so it came out for you 00:32:51,080 that they violated those principles by talking to others.. So, I

think the takeaway that I wanna get to the founders is that the real way to know what an investor is like is I think ultimately their principles, which is, I think exhibited by their actions.. And the way to know that is to talk to other founders that they've typically backed or other people, is that-- - Before taking any money from an investor..

00:33:12,140 When you get an investor on your board, they are with you potentially for life.. It is easier to end a relationship, to divorce somebody than it is to get rid of a board member.. So you got to choose, this is somebody I'm okay to work with for the rest of my life, potentially.. So I think besides when a whole bunch of time with them, the best way to do that is talk to other entrepreneurs that have worked with them.. And you wanna talk to other entrepreneurs who companies did not do well.. If the company did, the company performed well, usually everybody's happy, everybody's good.. It's like, you wanna talk to an entrepreneur where this board member, this potential investor you're thinking of it was on their board and stuff went really bad and how did they act? - And I think what's amazing also about this story 00:33:53,710 is not just that you found out that through the back channel that there was a violation of principles, but then you also said that it's not enough just for me to politely past, but I have to actually tell the investor that-- - 'Cause otherwise I wasn't living my principles.. 00:34:10,650 And I think that it might hurt you in the short term, but I don't wanna live life breaking my core values.. And I figure, in the long run, it's going to be worth it.. - And how soon would you recommend 00:34:22,563 you articulate your principles as a company? - I think it takes a little bit of time 00:34:29,150 for them to actually occur and happen..

You have to go through a few things to it.. If you can do it before you start, that's amazing and great.. I think for us, it probably took a couple, I don't know if it was a year or so.. I'm trying to think the first time we use principles, but it took us a little time to like figure out what are things we actually care about.. And then you start putting it all over the place so everybody knows.. - Okay, terrific.. 00:34:55,110 I'm gonna open it up for questions now with the students.. We've got a bunch of questions and they've been uploaded.. So I'm gonna go from the most popular ones down.. The first question is how did you successfully recruit those first few famous and busy people to teach classes when you did not already have the reputation for them to trust you and it was just the very beginning? - I mean, cold calls and cold emails..

00:35:18,007 One of the first was James Patterson, who's like the best selling author in the country.. I sent lots of cold emails and notes.. I mean, lots and lots of them.. And then one day I'm walking in Santa Monica and I get a call on my cell phone is from this phone number I don't recognize, which is like, but I answered it.. I don't know why I answered it.. Now I wouldn't probably.. And he's like, hi, this is James Patterson.. And I was so unsmooth, I was like the author.. And he's like, yeah.. I'm like, I'm really surprised to hear from you and James like, I was surprising guy..

And I was like, okay, well now he's funny.. And he's like, I saw your proposal the timing works.. I would love to teach.. And in my head, I'm like, wait, how do I know if this is really James Patterson? Like, it's a friend playing a prank? What is it? And then we met him, we sat with him and, but it was cold calls and cold emails for the most part.. I think one of the things that we tried to do was think, okay, what is it that these folks care a lot about? Well, these folks, it's not about money.. They can do an American express commercial and earn much more money.. It's like there's somebody in their life that taught them that had a big impact on them, that they want to give back.. Okay, well, that's one thing.. Two is, they're gonna care a lot that is good.. I mean, they're putting their names on it..

So they're out in the world, they're gonna script Okay, how can I show that I don't come from film background, but are there other folks I can work with? So for example, Bill Guttentag, who's a professor at Stanford who does some film classes.. I talked to him and we went to him and asked him for advice.. And he's like, I'm wanting to shoot a few.. And you're like, wait, really? 'Cause if you're willing to do that, there's gonna be a much easier process.. Jay Roach is a director who did the same thing.. And so by attaching some of these folks, it was a sign that they could trust it was gonna be something that it was good.. They wanted to be a part of it.. - That's terrific.. 00:37:23,500 How many cold emails, just out of curiosity, did you have to send do you think before you got your first bite? - Oh, I mean probably in the 100s.. 00:37:33,880 And I think one thing I learned was lots of people are gonna tell you that your idea is impossible..

Those same people after the idea works, are gonna tell you, I always told you it was a great idea.. But the important part is when somebody says a possible, I used to get discouraged about it, to be honest and like sad about it a little bit.. 'Cause like you're trying to any signal or sign that your idea's gonna work.. And so anybody who says something bad about it hurts.. I was looking at that completely wrong.. When somebody says an idea is impossible chase that idea because any startup, it's your idea, or you're gonna join somebody else's.. You have to believe in the impossible.. You have to believe in something that the rest of the world thinks can not be done.. Otherwise they would do it or they think it's just a bad idea.. So you have to get okay with that and now you can look at that one space and possibly like, Ooh, if they think it's impossible, that might mean opportunity there actually..

- That's right, that's right.. 00:38:31,113 The next question is, would you say that COVID-19 boosted the popularity of MasterClass because everyone had more time at home and is now more used to the online learning format? And I know you were referencing this before, about how you're reacting with COVID-19 with your principals we'd love to hear you talk more about COVID-19 and how that's affected you and how you approached the change.. - Yeah, first thing we did was we reached out to folks, 00:38:59,090 advisors that had been there before who had a strong point of view.. And one of them was Jeff Immelt, the former CEO of GE.. He gave great advice.. He has been through three macro shocks.. And he said, Hey, one of the pieces of advice is you have to hold two different truths in your head at the same time.. This is like unlocking the board for

me.. 'Cause like, what? I don't even know what that means.. And he's like, you have to figure out two different truths on different extremes that you have to hold in your head at the same time..

And as a species, we are very bad at that.. We do not like ambiguity or uncertainty.. And so I realized the two different truths I needed to hold, was one, this is gonna screw our business.. People aren't gonna wanna buy classes anymore.. It's impossible to shoot anything and we're gonna be in a really bad spot.. The other truth is say, Hey, this is an opportunity for us to really live our mission.. And people are gonna be at home.. They're gonna wanna be educated.. They're not gonna be able to go to school.. And this is an opportunity for us to fill up..

So we had to hold and plan for both those truths at the same time.. And what ended up happening was, we then decided to write down all our principles.. Number one was what we care most about is safety.. The safety of our team instructors.. Everything else comes after that.. Number two was we have to hold two different truths in our head.. And so we came up with the holist principles.. And so, we got everybody out of the, we make sure no people didn't have to be at the office, try to be as safe as possible where we can.. We did see a surge in people wanting our classes.. So it depends on the week, but there were some days and weeks where we were up 1,000% year over year..

But what it really did in the long run is just accelerate current trends, I think.. Trends we always believed were gonna happen.. People love to learn, people wanna learn.. They actually wanna be in charge of how they learn on their own.. They wanna have joy from it.. They wanna have impact in their life.. They wanna do it at home.. Things that we had believed for years.. - That's great.. 00:41:11,630 There a question, I don't know if you can answer this or pick your favorite child..

So you're prerogative.. But the question is, what is your favorite course on MasterClass? - Yeah, it is like picking a favorite child.. 00:41:21,663 I'll tell you some I was surprised how much I loved.. Hans Zimmer class, I have like a whole, I can't keep at like the beat.. I don't have a good sense of rhythm.. And so, any choir class I had taken at school, I was always put in the back row.. And, just like, you don't really need to sing that loudly David.. And so taking the Hans Zimmer class, we're working with Hans Zimmer and taking Hans' class and begins the class basically by saying, every note either asks or answers a question.. I'm like, I don't believe this.. Everybody's saying this..

I don't know what he's talking about.. And then he's like, let me show you example.. And he plays like, here is a nice question.. And he plays it on the piano.. Here is a nice answer.. Here is a sketchy answer.. I'm like, wait, what? I could hear that.. And you're like, Whoa.. And you realize like for him, every note is about telling a story.. And that class has completely changed how I hear music..

- Wow, well, thank you.. 00:42:30,483 I wanna watch that tomorrow.. Next question.. What do you consider to be MasterClass' strongest and most direct competition, independent content creators on YouTube, university sponsored ethics courses, selected professors from the great courses, Netflix, Amazon, Apple, original content? - That's a good question.. 00:42:56,180 I don't really think of any of those as competitors.. I think in our consumer insights work, what we learned is when people are deciding between us and spending their money on something else, it's about other things that can improve their own life.. So it's other classes, workshops, other self-improvement, self-development, on certain things like on meditation or things to improve your life, develop your life.. What we compete against the traditional OTT players is actually on time spent.. So the time that we steal away are from entertainment platforms.. To be honest, we are in a space where there's not direct competitor, there's not direct folks are competing against us yet..

'Cause it's really about this intersection of education entertainment.. I think that those other things are compliments more so.. - There's a related question here on TED.. 00:43:50,759 Do you think about TED as a competitor? - No.. 00:43:56,650 what's your assessment on the interplay between certification, education and qualification? How do you recommend people highlight their self directed education that doesn't yield a diploma, degree or a certificate? - Really great question.. 00:44:11,400 I think, and we've seen this happen more and more importance in weight will be put to your skills and what you've created.. And so I think, as your own career grows, what school you went to has less weight 'cause it was, and so I think, as much as you can to show people, either in the application process, the interview process, you're looking for jobs, even when you're on the job interviews is just show your work.. So something like I really believe is true.. If you want a job, the best way I think to get it is to do a piece of work for the company and show it to them.. So, I'll give you an example..

During school, I really wanted to intern at IDEO.. So I wanted an intern.. And so I knew it had an application process and I was like, look, I gotta convince them to like I can enter there.. 'Cause I was a supply chain guy.. There's no way IDEO was going to even look at me.. So I decided to spend days and days and days of my time in baggage claims at airports.. And I put together a book that was, here's how what I would improve baggage claims at airports.. In my application, I sent them that book.. I got it printed on like one of the printing websites on Vistaprint or something like that.. And I got an interview cause that, in the first interview they're like, so what's this book about? But like, it was all like, here's all the observations I had of the baggage claim..

Here's why I think why everybody hates them.. Here's the steps I would do to improve them.. And in that process, A, shows, I really care about the job.. Two is, they're starting to see, even though I never like worked in design or innovation, they're gonna tell just by the book was it a well-designed book.. Does this meet our standards or not? They're gonna see my

thought process.. That was a ton of work, but I ended up getting the internship.. - Yay, there you go, there you go..  
00:46:15,400 Well, I know this question is gonna sort of be dovetailing that in a counter veiling way, but this question is, how has business school, how has Stanford business school helped you in your career up to and during your entrepreneurial journey would you recommend business school? - I think there's this myth of the business schools 00:46:33,790 like entrepreneurs do not get MBAs.. I get offended by that.. I think you can learn a tremendous amount in MBA program that's gonna help you in being an entrepreneur..

I think here are the big things I took away from it.. One was, I figured out what I was good at and what I wasn't good at.. I thought I was really quantitative.. At my previous jobs, I was one of most quantitative people there.. And I get to Stanford.. And I am not one of those quantitative folks there.. I'm taking a CS class and it was taking me like eight hours to do the homework problems.. And my friend is getting them done in an hour.. And like, I'm like, what is going on? And you just like, I realized that wasn't my comparative advantage.. And if I wanted to be very quantitative and that's what I wanted my career to be..

I was gonna have a lot of work to do to actually do it.. And I realized, okay, what are the things I actually am good at compared to other people? That was immensely helpful.. I think the other part that's mostly helpful is you learn about people and professions that like, I just didn't know existed.. I didn't have friends that worked in PE before or in product.. And that was new for me to understand.. And the third, there were professors and classes, that ways of thinking that just expanded my mind a little bit, that, it goes back to like our unknown unknowns.. It helps you figure out turn unknown unknowns into hopefully they're known unknowns or to know knowns.. - Yeah, that's great.. 00:48:12,170 PE guys, by the way, it's private equity for all your non-- - Sorry, 'cause I didn't know what that was until I, yeah.. 00:48:18,180 - One final question, we're almost out of time 00:48:19,960 and I'm gonna ask, just exercising my prerogative to ask final question..

When has it been the most fun to be the CEO of MasterClass? At what stage? - Every stage is, 00:48:34,603 what's the most fun, what's most fun? There are just days you'll never forget.. There's days, and that can be, we were on set with on the Christina Aguilera shoot and she's just starts singing like acapella without like doing this.. Like this is a practice for her class and it just like blows you.. And you're like, if we can figure out this magic to put into the class like that, like this is going to work.. And then people put it up on the web and you'll see it, it's like amazing.. And so there's parts like that.. There's a part, I love chipotle and I eat chipotle lot.. And we do a thing every year where it's, we do a costume contest for Halloween.. And one day, for one year, there was a group on the team that dressed up, not only as chipotle but as the food order that I eat all the time.. And you're like, it was so funny and it's being teased in a way with love..

And, you're like, that's just amazing.. That's just amazing.. (upbeat music)..