

URL: <https://stvp.stanford.edu/clips/getting-past-hubris>

Entrepreneur William Hsu touches on the essential difference between hubris and confidence, and how each can deeply affect an entrepreneur's ability to understand the challenges a young company must face.



Transcript

You think that I tell you guys the moral of the story is hey, as a 23-year-old don't quit your job or don't leave Stanford and don't get a job and just don't start a company because you guys are not ready.. Well, that's not the case actually.. I won't never say it because there are guys out there like the Dorsey, the Zuckerberg, the Gates, the Dales of the world that are outliers.. They're born to start companies.. They have an inherent knowledge of understanding of how to navigate the travails, the obstacle of starting a company.. They're just geniuses.. They're the Beethoven and Mozart's of entrepreneurship.. And they know - and in a lot of ways sitting here today I would never be able to figure out whether I was or I wasn't.. So yes go chase your dream.. But very quickly understand that there are things that tell you that you might not be a Jack Dorsey or a Mark Zuckerberg or Bill Gates..

And these are the things I did.. I thought marketing was opened bar parties.. So I actually threw a lot of parties.. I was at an enterprise software company throwing parties for marketing, right.. The mentality was completely off.. If you guys think a lot of these young entrepreneurs were overly confident to the point of having lots of hubris, I was one of them.. I thought I was better than everyone else.. I was 23 and on paper worth tens of millions of dollars, so why shouldn't I deserve to drive a nice car and pretend that I'm better than everyone else? Well there is a very big difference between hubris and confidence.. Confidence is the willingness and the fearlessness of solving a problem.. The ability to tackle a problem ahead on without fear..

Hubris is the belief that you can solve a problem even without tackling that actual - digging deep and understanding the components of that problem.. And to be serious for a second, one of the most important things that I've ever learned, which I do want to impart on this class is to understand the concept of unit economics.. I had an enterprise software product that was giving away for free.. So, "here Mr.. Company, take my product, have it for free." I had a sales force, I was paying about \$150,000 per salesperson to go sell a product that was for free.. I was advertising at the San Jose arena with big billboards at the sharks - shark tank.. I actually had ads in, you guys probably don't remember it, Red Herring, a tech magazine like Wired.. The customer segment, the go-to-market strategy, the product itself, the component economics of how you become part of profitable was completely misaligned.. So if there is one thing you learn, is to really understand how you're going to market, and what are the unique economics of that, and can you be profitable on a per acquisition basis...