

URL: <https://stvp.stanford.edu/clips/learning-in-large-organizations>

Ben Horowitz, co-founder of the Silicon Valley-based venture capital firm Andreessen Horowitz, explains the advantages of working at a large organization before building a startup. Besides learning how to address productivity issues, starting out a big company allows you to network with talented people, develop management skills and build a solid reputation.



Transcript

When you come out of school, you know some things and there is a whole lot that you don't know.. And there is kind of advantage and disadvantage in building a company at that point in your life.. But the big disadvantage is in that the things that you get from a big company are: one, you really have no idea how to run a company or manage a company and going to a big company.. That's where I learned how to manage and it wasn't so much that there were like great managers who managed me or something like that.. But the way you would learn how to run a big organization is to work in a big organization because it's the frustrations you have trying to get something done that basically become the basis for the design of the organization when you are on the other side because you're like, okay, if I was an engineer, and it was taking me an hour to like check something into the source code tree and then like 12 hours to build it.. That would be a nightmare.. So now, I am back running the company I know that that's going to be an issue or if like it took me a week to get a decision made like how frustrated would I be whereas like you talk to a CEO right out of Stanford who has never been through that and they have got guys sitting there like not being able to get a decision made and they are like what's the problem? That's like all the attrition nobody wants to work for you but it's harder to figure out like if you've never worked in a company like why that would be such a big problem to not be able to work for a week on anything because you are waiting for somebody to make a decision who doesn't think it's important enough to give it the time of day.. And so these are the kinds of things that you learn and there is like a million details around that which you just can't learn like you just - it is not intuitive - I guarantee you nobody figures out how to do that on their own.. So - and that is the best way to learn it.. So that's the first thing..

And then the second thing is you have - you meet people who like people at Apple, like people at Facebook, people at Google like smart people and you kind of build a reputation so that if you go to build a company like those are people whose skills and - who you can draw upon and who you can hire and work with and build something really excellent.. And then the third thing is you kind of learn about the world and the basis of a good company is to basically figure out something about the world that nobody else knows.. And then that secret becomes the company.. And if you have not been in the world then your basis for the secret is you just have a more limited scope of what you might have learned.. Now, there are people who learn stuff in school that is a big enough secret like Mark Zuckerberg figured out Facebook while he was at Harvard, absolutely, if you have an idea that big, then by all means, go for it but if you don't, and you try and go build a company with zero management skill and no network, that's hard, bro.. It's going to be hard like - and you have to think like who would want to work for you, like unless it's like everybody smart will want to work for me because I have got the breakthrough idea of all time and it's running away like a freight train and it's growing like nothing else ever.. Then yeah, definitely start a company but if you don't have that, and you try and do it, and you're competing with like Tony Fadell who invented the iPod and is also starting a company for engineers like where would you work? Would you work for you? Would you work for Tony? And that's the kind of thing you have to figure out...