

URL: <https://stvp.stanford.edu/blog/videos/let-your-customers-educate-you-entire-talk>

Adam Pisoni, founder and CEO of Abl Schools, shares how he tackles complex challenges, like modernizing the education system. Pisoni describes how he listens first, addresses today's known issues and builds pathways to new possibilities. He breaks down how to identify scalable solutions, validate ideas and prioritize needs.



## Transcript

(uptempo techno music) - [Narrator] Who you are defines how you build.. - What I wanna do real quick, I'm gonna tell you what I wanna talk about and I got to decide what I wanted to talk about but I'm also interested in what you're curious about.. I could talk a lot about Yammer and all that but I actually chose not to because after Yammer, I left to start Abl and I think a lot of the lessons I learned from Yammer I took into how do I find a new idea to work that's in a totally different space that I don't understand, and how do I evaluate those ideas.. And also a bunch of lessons I learned about social enterprise in general.. So those are the topics I wanted to cover but before I start, just to understand who's in the room.. I'm assuming most people here actually from what I can see are students but raise your hand if you're a current student.. I'm guessing most people, wow, okay.. Raise your hand if you currently run a company.. Awesome, thank you, raise your hand if you aspire to start a company, that is your goal.. That's a lot, okay..

Raise your hand if you aspire to start some kind of social enterprise.. Alright, great, awesome, for the last part we'll somewhat apply.. And I've come here so I want something from you real quick which is this is what I've decided I want to talk about but why are you here and what do you hope to get out of this, can I get any volunteers who might have something they were hoping to get out of this and then I might ignore it or I might talk about it but, anybody? Be brave, part of entrepreneurship is being brave.. I will not start speaking until I get, thank you.. - [Audience Member] Maybe a little more about your unusual academic path leading into your entrepreneurship.. - I appreciate that, I am gonna talk about that.. The question was about my unusual academic career path, so, thank you.. Anything else that people were hopin' to get? You heard my background.. - [Man In Audience] I've always been the type that you have to tell me no and one of the things that I like coming to these lectures is I like to see if that person always has that same trait.. - Tell me no? - [Man In Audience] You have to tell me no..

In life.. - Yeah.. - [Man In Audience] Tell me no or I'll try.. - Got it, okay, one more, I need one another person.. I wanna get into it real quick, anyone? I like the audience participation.. I'll just go, alright.. Interrupt me if you have any questions but we'll get into it.. First of all, again, I'm not gonna spend a lot of time talking about my fully story but I do wanna give, to your question actually, I appreciate the segue.. A little bit of context, so, Ravi spent a bunch of time explaining to you why you should listen to me.. Because I've been successful, and therefore you should listen to me, believe everything I say..

And don't deviate from it, that's obviously BS.. So, but there's a bunch of reasons why you wouldn't listen to me because I'm actually a high school dropout.. I have a junior high diploma as my highest degree.. Being in rooms like this is very interesting for me because you all have significantly higher attainment than I've had and that is an important part of my story, that I believe now has given me a lot of unique perspectives on the world and when I look out here, it's easy for me to, for example, judge a lot of you for maybe your backgrounds or whatnot.. But the truth is I don't know your backgrounds.. You each have very unique stories on your own and one thing that I hope that you'll take from this is understanding that the things that make you unique, even if they're the difficult parts of your background, are actually the things you should lean into because it's what makes you strong entrepreneur.. And further more, I think one of the things that has made me successful is that I have found other people who aren't like me because we all have narrow points of view, we all are, our experiences are really shaped by our experiences, and our mental models, so I've surrounded myself as much as I can by people who are contrarians, who don't think like me, who will challenge me.. And I've tried to approach what I do with humility.. And I hope that you do that as well.. So, that's my start because I certainly have come to sort of an interesting place..

So the first thing I wanna talk about is how do you find a problem to solve? A lot of you raised your hand, you wanna start a business.. And there's so many misconceptions about how to find a problem or how to know that you found a problem that's worth solving, and so I'm just gonna tell you my story of the last three years.. Which is how I start Abl, through the lens of everything I learned from before that, in the hopes that it helps you.. The first thing is just why I want an education.. So, Yammer was an amazing story.. I mean, it was four years, from five employees to 500 employees, from zero revenue to tens of millions in revenue to millions of users, and I think we built a great company.. I think even given that growth, we built a company that had a solid culture, that people wanted to work at, our customers really felt they were a part of something with us, but obviously enterprise, social networks is very different than going into K-12 education.. So, to understand why, I mean, I dropped out of high school as I said, I moved to Phoenix when I was young, from New York, and I did not have a good experience in elementary, middle, or high school.. I was actually quite othered in a way.. I don't know if I kind of looked a little or talked a little different than the other kids there..

I was always a smart kid but I felt, in a weird way, and I'm gonna use this word but I'll explain in a moment.. I felt kind of marginalized in the way that teachers and students picked on me, and I was not happy about that.. But I loved to learn so I didn't have a lot of friends.. And by the time I got to my junior in high school, actually one other piece of context.. I at one point in high school was dating a girl who lived in a better part of town.. And I didn't live in a bad part of town but hers was a better part of town.. And she went to a high school that was about the same size, another public school just like mine.. And hers was significantly better than mine.. And it was so infuriating to me, I was infuriated, and we both went to public schools, of the same size, a few miles apart.. And hers was better, and why was that? And it made me really angry, and why was it that my experience, and I was picked on by jocks or whatever who, I didn't think they were better than me, and so my junior year I went to the guidance counselor and I said, I wanna go to college 'cause I like to learn, and I had okay grades..

And the guidance counselor said this isn't a great school.. There's no way to test out, you should just drop out and go to college, so the guidance counselor told me to drop out, and it took me months to convince my parents who are both educated.. And I dropped out, I went to college for a year, community college, dropped out of community college to start my first company in 1995.. Which eventually failed.. My first success was Yammer, everything else before that I had pretty much failed.. Now, as I mentioned it, in my high school career and before, it was not for me, I had felt very isolated and lonely, somewhat marginalized.. But as I got older, I think I learned something that drove me to go into education today.. Which is I was not really that marginalized.. I mean, I had it pretty easy compared to a lot of people.. A friend of mine in high school who was smarter than me..

He was one of the smartest people I ever met.. He lived illegally in a trailer with his mom in an empty dirt field, he was so smart.. And I don't think he made it out of there, I don't think.. I don't know where he is today but we lost contact.. So for all these reasons, I became very passionate about equity, I realized that we're wasting so much human potential on these systems which are not helping all students even have access to what they're capable of.. And so I decided I wanted to go into education, literally sort of for that reason.. Now, I'm gonna jump right into a key lesson.. We're gonna jump around a lot so you hopefully will hang onto your seats here.. When I looked at education, the first thing I found was a lot of companies that were failing.. There was a lot of companies that were going into K-12 ed tech and were not succeeding..

And I think I had a unique insight as to why.. And I think it applies to any kind of business that you're creating, for businesses, any kind of B2B business.. So, to understand that, let's talk about what a traditional B2C strategy looks like.. This is the crossing the chasm strategy, which is you find an idea, there's a lot of people that you think it'll solve a problem for whether they know it or not, but you have to validate the idea, so you go and find some early adopters, you build your prototype, you get feedback from them.. You reach critical mass with your early adapters.. You leverage that critical mass to achieve economies of scale that allow you to lower your cost of customer acquisition and you grow, and you win, and you're Facebook or whatever.. That's sort of like the strategy.. And pretty much, it's sort of Silicone Valley lure or law that this is how you start companies.. This is what you do.. And my experience at Yammer and when I looked at what was happening in K-12 ed tech showed me this strategy does not work in when you selling the businesses..

It doesn't work at all because it's not about finding a problem to solve, it's about finding problems to solve that people already understand, that they already understand is a problem that's worth solving.. In the consumer space, it's a totally different thing because the friction, the barriers to entry are so low because it's easy to create something small.. But when you're talking about selling to an institution, to a business, they make decisions based on the needs they have today.. So let me give you a really concrete example of this.. If you walk into a high school, or an elementary school, throughout America, there's a very high percentage chance in 2018 you're gonna see teachers that are handing out paper assignments, people are filling out, and then they're grading by hand.. And then that's how that works.. And it's been happening for 100 years and it's still happening.. And so many entrepreneurs walk in a school today and say this is madness, it's 2018, we can digitize this.. This is better for students, and teachers, it'll increase accuracy, it saves time.. Why, I've got to solve this problem..

There are 1,000 people trying to solve this problem in K-12 and it's not been solved.. So, why is that? Teachers don't want it solved right now.. They don't see it as a problem.. And you can't force them to see it as a problem.. They're not gonna buy it.. And so, at a larger level, one of my big theories as I looked at K-12, and this is one of the ones I want you to take away, is this idea that when you're talking about a solution to change the world or start a business, there are really two types.. There are bridges and islands.. So let's talk about how these, what an island is.. And I'll give you an example that'll make this clear..

People look at the education system, and I'll use these examples because I'm in that system but people look at the education system and they say it's totally broken, it's so complex..

It's not helping students, and it's really hard to change.. So I have all these ideas, I want project-based learning, and competency based, and I want social and emotional.. But it's too hard to do in the old system.. So what people do is say, I'm gonna do it elsewhere.. I'm gonna go off and find an island.. Or I'm gonna start my own school, I'm gonna start my own private school, or a charter school, I'm gonna prove what's possible.. Their belief is that if they can prove what's possible and that it's better, the world will change.. And that is the misconception.. That is one of the cardinal mistakes of Silicone Valley.. That's not how businesses or institutions of the world changes..

Now, these islands are incredibly important.. Because it is true that we need exemplars.. We need to understand what's possible.. Islands create demand for change but they're not the supply of change.. To create supply for change, you have to create bridges.. A bridge is a thing that starts where you are today, where your customers are today, but it goes to the island.. So a bridge is, and I'll get to what we're working on but I had to decide as I went into K-12, did I want to build an island or a bridge? There is value in building either islands or bridges.. If you want to start a company, you have to decide which one you want to do, if you want to join a company, you have to understand where they are.. So how do you know if you've built an island or a bridge? If you have to educate your customer about the problem you're solving, it's an island, it's not a bridge.. Earlier I talked about the B2C strategies where you leverage economies of scale to reduce your cost of acquisition..

It's very tactical but that's how it works.. In B2B, if you go after your early adopters, you are not gonna get the signal as to whether you're solving a problem that they understand.. And the moment you go to sell your product, or service, or solution, into the middle of the market, your cost of sales will skyrocket because you have to educate them on the problem.. And so, what I tell people, especially if you wanna solve big problems, you can build islands, and there's value in islands.. But if you wanna do something at scale, you have to go after the middle of the market right away and find problems that they understand, that you don't have to spend time or money educating them on.. Now, you may be aiming at a bridge, an island, I mean.. You may be trying to get them somewhere else.. The challenge is how to scaffold them, one step at a time to that point.. But this is how you know (laughing) whether you're building a bridge or not.. So when I went into K-12, I saw a ton of islands..

I just saw island after island, I saw a lot of really awesome private schools and charter schools, and district schools that were doing things that were having meaningful impact on the students that they were helping, that had a broad set of, and deep set of academic skills they were teaching.. Plus social and emotional, plus cognitive skills.. And yet I knew that just the existence of those wasn't gonna help them scale, that traditional district schools of which there are 130,000 in this country, in 12,000 districts, with 50 million kids, are dealing with today's problems.. People don't buy the future, businesses don't buy the future, in mass, they buy the present.. And your challenge is to find out how to scaffold them to the future.. So, answer yourself that question, do you wanna build a bridge or an island? I decided I wanted to build a bridge this time.. Because I wanted to see something at scale.. I wanted to create conditions that were gonna allow schools to change but I'll get back to that in a second.. So, I wanna talk a bit about how I did my research 'cause I think it was odd, I just kind of stumbled into it.. This wasn't a genius thing I did out of the gate..

But it was something I accidentally stumbled into that I think is a really good model for how to understand an industry that you may not fully understand.. But the first thing is very important.. Silicone Valley has a horrible history of arrogantly going into new industries, or industries that it doesn't understand, with incredibly surface level insights that are really not that meaningful.. And starting companies that then fail.. And angering the people in those industries who see this as just sort of arrogant problem solving.. Or worse, only solving problems that apply to a narrow set of people.. There are so many opportunities to solve problems, there are so many problems that we're solving that are outside of your realm of understanding.. And if you take the time, you can understand those industries, you can understand those people, you can understand those problems.. And find huge opportunities.. So what I did was we started by just talking to people and the one super power I had after I had sold Yammer was everyone will return my phone call..

That was my superpower, so I could talk to senior people all across education, and I started by, actually, (laughing) I started by saying, hey, I'm Adam, here's the thing, I sold this company, or whatever, none of that means anything.. I would tell them, and then I would apologize.. I'd say, look, I'm from Silicone Valley, but I'm not here to tell you I know how to solve problems.. I'm really here to learn from you.. Because you know this better than I do.. Will you help me understand education? Help me understand the system, where are the problems? And I spent about six months talking to, the first set was over 100 people.. I'd say, who else should I talk to? And just ask them the questions, and take notes.. And I never attempted to interrupt them with, well, here's what I think, I think that the problem is learning isn't fun so we need math games.. I just asked questions and I just wanted to understand.. Then what I did, I realized I had done this for about six months, and I had taken so many notes..

I mean, hundreds of pages of notes.. And I said, I'm beginning to feel like I'm sensing a bigger picture, like a model of the system.. So I began to kind of write that model down.. And then I would, on my next set of calls, for the next like, four or five months, I said, okay, look in, listen I've been talking to hundreds of people across the space, and I think I'm beginning to understand it.. So instead of just asking you to tell me about the system, what I wanna do is I'm gonna tell you what I think

I've heard and you tell me where I'm wrong.. 'Cause I'm assuming I'm wrong.. And so I began to then sort of reflect back to them what I had heard and they would tell me, oh, you totally missed this particular actor in the system or this tension, or this constraint.. And so they would give me that back.. Now what this allowed me to do is only incorporate new information, it allowed me to take a core model and improve it over time, so I wasn't just collecting information anymore, I was really constructing a whole model that would help me understand where there were gaps, and when I knew that I was onto something, when I knew that I had figured out that I understood the system well was when I could get on the phone over, and over, and over.. Say, let me explain what I think I've heard, and you tell me where I'm wrong, and they would listen and they would say, "Oh, that's really interesting, "I hadn't thought about that." And there was fewer corrections..

And I was like, okay, I can talk to experts in the industry, and they're correcting me less.. I understand this better now.. And it was through that process essentially that I came to understand enough to find a solution that we're solving.. So, real quick, I don't want to spend too long on this but I found the craziest problem in K-12 that I kind of wrote here.. It's hard to explain and you won't believe me.. Because what I found, again, insanely enough is that 90% of the people in Silicone Valley who start K-12 companies have this misconception that K-12 is classrooms, that the way to impact K-12 is to go and do things in classrooms.. Now, classrooms are obviously really important.. That may be even a confusing statement to you because what else is there but classrooms? What I discovered talking to district leaders, school leaders, policy makers, funders, is that over 50% of the decisions that impact the individual student's outcome are made outside the classroom.. And cannot be made by that teacher or student.. At least 50%, it's completely, it's madness..

And so all these people are creating new curriculums, there's 1,000 math curriculum solutions, and 1,000 classroom management solutions.. And they're pushing it's strings a little bit because so many decisions about how students are grouped or labeled, how resources are divided, who has access to what, how they're marginalized and put off of here or there, have more of an impact often than who their teacher is or what their classroom is.. That's a controversial statement that I was able to reflect back to the leaders of schools and have them say, that is absolutely correct.. You understand something now that's unique.. And through that process I learned that there is a established process that every single K-12 school does, the entire country, whether they're large or small, or urban or rural, or elementary, middle high, or district, or charter, or private.. That they call master scheduling.. And no one out, no one is, does anyone know what that term means? Really? Alright, one person.. (laughing) It's not calendaring, it's ERP for schools.. It is the way in which all change enters schools.. It is the way in which, if you have a program idea, you want to teach STEM, you want to introduce a new equity initiative, that will be done through a master scheduling process that takes six to nine months..

Senior leadership of the school and the district, hundreds of hours, I found this entry point that they understood, it was a true bridge because I found I could call any principal or district leader in the country and say, hey, I'm working on master scheduling.. And they'd say, "Oh my god, we have to talk." And so, I don't have to educate them on the problem.. Now, I'm building a bridge because I want them to change dramatically from where they are.. But I realize I have to meet them where they're at.. So, that was sort of my process that led me to this.. I can't tell you the amount, number of times I've talked to senior district leaders in the country who say, how did you find this? Like, you didn't even come from the space.. I approached it with humility.. And I just asked a lot of questions.. And I tried to make sure I didn't start until I had something really meaningful to give.. So one question, one favor I'll hash from you is don't waste people's time, don't try to create companies doing things that it turns out, nobody really needs or asks for, like I get that we're supposed to be contrarian but understand who you're trying to help first..

And make sure (laughing) you're doing something meaningful to them.. So, I've gotta move even quicker.. 'Cause I wanna get to questions, but we have time.. So, part two is how do you evaluate whether this is a good idea or not? And how do you approach even validating that idea? And years ago, even while I was at Yammer, back when Ravi would send me people to talk to and say, is this a good idea? I had this particular framework that I would use to evaluate ideas.. The framework is basically that a startup is nothing but a set of hypothesis.. It is not one hypothesis, which is, is this a good product or not, is this a problem? That's one hypothesis.. It is many hypotheses that I break into four categories.. The importance of these four categories, and the importance of this list, is that when you're evaluating an idea, you have to look across these things.. It can't just be a good idea, it can't just be able to make money, it has to do with a lot of things.. And when you're starting a company, your job is to validate these hypotheses as fast as you can, and I'll get to sort of what the common mistakes are but so let me explain what some of these are..

Value, who is this valuable to? What types of companies or people? What roles within those companies? What types of problems do they have with or without your product? What are the current solutions they find valuable? How valuable is it relative to the other things? Now the point of distinguishing these questions is that you can often validate these without even building a product.. I talked to a gentleman once who had a not very good business idea that was gonna help people negotiate when they were buying a car.. I just didn't think it was that great of an idea.. So, he was gonna build this whole product to validate it, and I said, why would you do that? To validate whether it's valuable, go outside car lots and just start talkin' to people.. And post paper, letting them call you, and you'll do it.. See if anyone cares, don't build a product.. There's so many ways in which you can isolate hypotheses and test them and that's absolutely what you need to do to start a company, so this is value.. Monetization, who is the buyer? Is it different from the user? What is the buyer interested in if it's not the user? How much are they willing to pay? How is this priced and packaged? Pricing and packaging, one of the most underrated areas of business success, 100%.. We hired a new Head of Sales at Yammer.. Our revenue tripled in a quarter without changing the

product, just through pricing and packaging..

I mean, so many entrepreneurs start companies like, I got a product, I've just priced it.. There's so much creativity to be had there.. And there's so many ways to test it without building a company or product.. While you're building your company, the point here is that you should be deciding which of these you're looking at, and only working on it long enough that you understand the answer to that question, and moving it on to the next one.. So I'll get to it in a sec, but, distribution.. Which, easy, where are the buyers? Where are the users? How do I find them, how do they find me? What's the cost to get them? What rate can I hire them? Can they invite other people? At what rate? There are all these questions you can answer independently.. And then the one that I sort of made up that is a little different 'cause those seem obvious is what I call friction to value.. So, every product or service, or whatever, is some form of behavior change or usually asking for your customer.. You're saying, you're doing something, do something else.. And there's friction in behavior change..

There's friction in having them trust you or sign up, or give you data, or whatever it is.. And oftentimes, you have something of tremendous value.. But the perceived value is too low compared to the friction to get that value.. If that makes sense.. So, there's so much testing that can be done here.. There's so much innovation.. What I find over and over, in fact, let's go to this slide about the common mistakes, is people think success or failure is on the idea of the product.. I shouldn't name this company but one of the competitors of Yammer, we launched at the same time, was this other founder, it was a direct competitor, we did the same thing, marketed the same way.. And this founder was a really good product person, and really believed in value, and product, and product features, and just invested heavily there to improve the product, make it better, made a great product.. We crushed them, we crushed them (laughing) because it turned out just great product isn't enough..

It's also about distribution, and friction to value, and all these other things, and so we said, okay, we need to build a value hypothesis, answer that question to a minimum bar, and then we gotta go to other things.. Now we're gonna invest in distribution and customer acquisition, and modernization, and so on.. And so this huge mistake people make is going into diminishing returns, is saying, oh, I'm not getting enough users, I'm just gonna keep making the product better.. That's not how this works.. If you're not getting enough users, figure out why that is.. Don't rabbit hole on a particular hypotheses.. Make the list of questions and the moment you have even a poor answer for one of them, move onto the next one.. 'Cause you've gotta get through all of 'em.. You can have an amazing product, you can answer two-thirds of the questions and still fail.. Decide the priority of those questions you need to answer..

How easy or hard are they to answer? How critical is it to know the answer? What is an acceptable answer or you'll give up the product? That's the kind of sort of strategy behind companies that I think are important to develop.. Now as you get a little further along, I put this up, it's like a complimentary framework.. But now that we're building our company, Abl, we have a slightly different set of categories.. We think about mostly our product priorities.. Which is, and we think of years of work ahead of us in this problem, we could be working for so long.. And we can decide what to work on.. So the first thing we do is decide by quarter or whatever, what are our priorities? It's growth, retention, monetization, margins, reducing our cost of sale, or cost of goods sold.. And then what we do is we take all the features we're working on and say which bucket do we wanna put 'em in.. We rank these and the first bucket it applies to, we put it in that bucket, and if it applies to two buckets, we put it in the top one.. And that's important because the same feature might apply to growth and retention but it'll be totally, it will built it differently depending on what you're going for..

And that's really important because you're trying to minimize the amount of effort on everything you do or build or work on.. So for example, a gorilla feature for us can be very shallow because we're just trying to discover whether there's interest for them to buy it, they're not gonna use it yet.. A retention feature is one, they've already bought the product, so we have to go really deep on that feature.. A monetization feature could be one that allows us to charge more specifically, and I would say a margin's features one it means it's cheaper for us to on-board customers or things like that.. And so this is how sort of we prioritize now.. I'll pause there, one last thing, and then I'm gonna take questions, but any questions on that real quick? Okay, last bit, and then I'm gonna take questions.. I sort of threw this in here, it's very different than any other categories but you hear a little of my story, clearly, if you wanna get rich quick, don't go into K-12 ed tech 'cause it's not, it's a tough market, it's a tough industry.. There are a lot of opportunities there, to make money, to create large businesses.. But it's a harder slog and if you wanna make a lot of money, you can make scooters on the sidewalks and they make a lot of money.. (laughing) And they're great, and they're good for the world obviously but I went into K-12 education, I did it not just because I thought there was a successful business to be created, but I wanted to actually have an impact on students, and schools, and equity..

And I went into this social enterprise with the idea that you can create a successful business and do good, 'cause that's the whole idea of social enterprise, you can create a successful business and do good but the misconception is that there's no tension between the two.. And the same can be said about building a great company.. People talk, I had once had someone ask me, 'cause I care a lot about the values of our company.. And at our company, we value equity for example, obviously.. And there's things we do to create a more inclusive environment where on a weekly basis, we do communication exercises together that actually we stole from what elementary schools are doing today, 'cause we're investing in these things.. I had somebody ask me once, is there any proof that having values that are like aspirational help you be successful? And I had to be honest with them and say, not only there is no proof, but there's only counter-factuals there, you know? Like look at the most successful companies.. They're not the ones that express the highest values.. And so, my answer was, if they are true leader

values, then you'd be willing to fail and maintain them.. That's what it means to have values.. Now, there are a lot of people I know who are just, their value is to make money..

And that's fine, that's really fine, there are a lot of reasons for that.. For me, I wanted to enter eyes wide open.. If I was trying to build a better company, and I was trying to do some good in the world, it is important, again, recognize that you're gonna feel that tension, and you have to decide ahead of time how much that's worth to you, whether it's worth succeeding despite your values.. And it's so complicated because there's a lot of layerism where you can say, well, I'm only compromising now because once I'm successful, then I'll be able to do the good things, and I don't think later ever comes most of the time, so I certainly hope a lot of people will want to start social enterprises.. If you do, talk to me about it, I think there's a lot of interesting things in terms of how funding distorts social enterprises.. There is a tension between building a great company, doing good things, and making the most amount of money.. There is a tension, that's all I'm saying.. And so, that was kind of like, I'll conclude this real quick with, really understand what drives you.. Understand where you come from, understand what makes you unique, what your mission is, and stick to that.. Decide if you want to be an island or a bridge..

Or a work on an island or a bridge.. And by the way, there's value in both and at some point in your career, you should work for an island and a bridge.. Because there's so much, the perspective is totally different.. I think Yammer was actually more of an island than a bridge.. Approach with humility, do not the cardinal Silicone Valley sin of thinking, I was a kid once, I know school, it was boring, I'm gonna make school fun.. That'll fix school, like, please don't do that.. (laughing) One of the last things I wanna mention is if you're really passionate about solving problems, and building things, don't necessarily start a company because you as the founder don't get to build the product or solve the problem.. Your job is to build a company and to support the people who will do that work, you are gonna be, in the beginning, IT and HR, and dealing with insurance.. And supporting people in their growth.. And helping frame problems, and trying to relinquish the power to the people who are actually on the ground..

So, I often tell people, there's this sort of religion about starting your own company, that's the only way to solve a problem.. But if you really want to solve a problem, go find someone who you can help, who's solving that problem, you will get to spend more time solving that problem doing that, personally, than if you just start your own company.. I'm not going against starting companies.. Obviously I did it, even though I didn't want to do it again but it's just a pitch for trying to find other people who are solving your problem.. And lastly, again, recognize the tensions between your values, and the current path you're on, and the problems that you wanna solve.. So, that was a crazy whirlwind tour that we sort of covered a lot of ground.. I don't know if it was what you were hoping or expecting but it's too late to change, so.. (audience laughing) (laughing) Is there any questions about any of those things? Sir? - I have a question 'cause it's about education.. I'm interested to see what made you want to choose education, I know you said it was you getting equality.. But you also said it's a difficult thing to fix..

- Yeah.. - 'Cause I've also thought that, you know, 1960s collective bargaining rights, teachers unions created bureaucratic inertia.. What is hard to explain to teachers we need to do something new and there's no risk to them doing the same way they're doing it.. So how long did it take you to assess how hard the market is and then what made you decide you're going to do despite this? - Yeah, I mean, the question is sort of why I went into education given how hard it was and how did I assess that it was hard? But I also wanna comment on, inherent in your question, was a lot of assumptions about the education market that sound like the things that I read sometimes which it is so much more complex.. Then part of the humility of it is I realize that anyone who tells you they understand what the problem in education is does not know the problem with education.. 'Cause there is no one problem.. There's a complex interdependent system with a lot of problems, a lot of people have to work together to solve it, there is no one problem.. I decided to go in it when I only when I discovered that I had found an entry point that I believe had economic viability in the middle of the market, not for early adopters.. But I said, oh, I found a problem that not only helps me rapidly change schools over time but they'll buy today, wherever they are on the spectrum, if the school wants to be radical innovators, they'll want this product.. If they're regressive they'll still want this product..

'Cause it addresses a current pain point.. I didn't have to decide to start a company until I discovered that kind of problem.. So, any other questions? - [Nadine] Hi, I'm Nadine.. So they said that you captured the hearts of workers.. How did you do that and how did that help you build a successful business? - The question is, how did I capture the hearts of my workers and how did that help me build a successful business? My background, again, was not one of success in school or (laughing) in business.. And I felt incredibly privileged to be there, to be at Yammer, to be with the people that I was with, and I felt honored that these quality people were willing to work with me.. And I felt totally comfortable hiring people that were smarter than me and empowering them because I didn't think I was that smart.. I didn't feel insecure about that.. And on top of that, I think, I saw the world slightly differently, and I spent a lot of time thinking about what are we really doing here? How does this really help people? At Yammer, how does this really help people? What are the macro changes? And so I think there was a combination of contextualizing, putting words to changes that were happening in the world, sort of having a vision, if you will, that people could buy into and say, that is unique, and insightful.. It's something that I wanna get behind..

And then I think partly it was not being an arrogant leader that's like, follow me, I know what we're doing, I'll just beat you into submission.. Being more humble and realizing that we're in this together and we get to do this together.. We get to find the people who are smart.. We get to identify problems and solve them together.. And I think it was a combination of all those things.. We found amazing people, they found amazing people.. (laughing) We addressed problems when we saw them.. We

had a culture of iteration and sort of systems thinking in terms of don't keep quiet if you see a problem.. Let's solve it, let's keep going, nothing is final.. Let's keep iterated, so, I mean, that's my hindsight view..

But I'm sure my employees would maybe answer differently.. I don't know, so.. Yeah.. - [Woman In Audience] So you mentioned that you were, for four or five months, you were just trying to find the problem-- - Yeah.. For a year.. - So my question is how do you stay persistent in the face of uncertainty when you don't even know what the problem is? And how do you keep on going after it? Is it internal validation that you think there is something there or what made you think that-- - Great question.. The question is like, how did I stay persistent going after this problem.. So, it was two things actually.. One, I actually wasn't looking for a problem, a company to start, so I didn't feel that pressure.. I was actually looking for a problem that needed solving..

And if it was somebody else solving it, I would've joined that company.. So, I didn't, that allowed me to say like, where's this real, I'm gonna apply myself to something for the next many years, I don't wanna waste my time or their time, so it's gotta be something that I feel like I'm aligned to solving.. It's a real problem we're solving that I care about.. So that was one, but two, personally, the inequity that I came to feel and understand in the world made me very angry.. And the anger drives me, and sometimes when I feel the tension between trying to make money and trying to help schools, I allow that anger to drive me.. I allow it to help me persist even when it's not fun to do so, so, anger is often a bad word.. And it's not like I yell and express anger.. But I feel that anger, and I feel, that anger makes me want to do more, and not give up.. Way in the back.. - What's your experience of the finding the people to work with at the very beginning of your startups? And like what's characteristics, what values were you looking for? And how did you increase the probability of meeting such people? - The question is how did I find the early people, what characteristics was I looking for? Well, one, a big one was, people that were, we were values-aligned, that's so key, that we were trying, we were passionate about the same problems, not people who we had had the same experiences but people we were passionate about the same problems..

From a characteristics standpoint, I think the most important for me was a sort of, a humble problem solving attitude.. Humility is actually frowned on in Silicone Valley a lot.. And you can build a very successful company based on ego and competition.. But humility to me is all about a learning mindset, a growth mindset, and the feeling that we as a group can provide directed honest feedback.. And no one's gonna take it personally.. We're here to support each other's growth, that's two.. And then obviously, people who are good at what they do.. But frankly, an even balance of those are critical.. When I started Abl, I went a little further which was, I mentioned at the very beginning that I really, really value diversity of thought because I'll tell you another secret which is, we sold Yammer for \$1.2 billion and we had 500 employees that had worked untold man hours on building it, and I asked myself a simple question which was, of all the hours that we put in to working on Yammer, how much of it actually contributed to that \$1.2 billion? And the answer's like, maybe half, maybe.. How many features did we build? It didn't really matter, and no, didn't really value customers, didn't add to the value of the business..

And so I had asked myself, like, well, that's my failure 'cause I was running engineering, product analytics.. I certainly thought I knew what to work on.. I knew, and I was hypothesis true, and I was like, let's test something.. So the conclusion I came to was, I had too narrow a worldview.. Like there were boundaries to what I thought was possible or achievable, or maybe beneficial.. And what I should have done is left room for people who had completely different views than me to come in and say, you're gonna disagree with this but I think we should try this because clearly, I didn't get the full benefit out of the people that we had with the time that we had, I did the best I could.. So when I started Abl, I made a very, very conscious point to bring on a lot more diversity of point of view.. And that took a lot longer, I think has been very beneficial.. One of the ways that it is forcing us to be a better company is it is very easy to hire people who grew up in similar places, who talk like you, who have similar communication styles, because you can just quickly norm and go.. But you're of course lacking that difference of experience that leads to different ideas..

When you bring together a group of people who have different backgrounds, and different communication styles, it turns out they're probably not training many people here how to deal with that situation.. What do you do when you're talking to someone who communicates very different from you? Maybe you have a very calm and passive way of dealing with conflict, maybe they have a very emotional way of dealing with conflict.. Neither of those are right or wrong.. Most people don't know how to communicate across difference, and so for us as a company, we've had to work on how do we communicate across difference so we capitalize on the differences? So that we can get the most out of that.. And I think that's been a very powerful part of something I'm doing better now than what we did at Yammer.. - [Young Man From Audience] About your, from your first businesses that you set up that failed, was there any lesson that you learned or anything that, in light of those initial failings, that you were able to tweak in your most recent startups to have success in those? - Yeah, the question was what did I learn from my early failures? Those early companies actually were very good cultures.. And I think early on, I learned some of those lessons about humility, and vulnerability, and like really building a company where everybody's passionate about being there, being together, so that was an early lesson that was kept.. I don't know that I had any theories in the beginning about how to start a company or how to solve problems, it was 1995, and any idea looked good for a couple years.. So, I think it was in retrospect that here's what I can tell you.. So, after I went, so I failed a company, and ended up working at other, in other engineering sort of roles..

I was very suspicious of the dogma attached to particular methodologies.. Because I had had enough experience to know that a lot of engineering methodology, product development methodology, company design, is actually designed around

helping poor companies run well.. It's like, how do we make it so we've already hired people who don't trust us, and we don't trust them? So how do we have a system that works in light of that? And so, there were so many systems and processes that I saw that were designed to handle mistrust.. As opposed to systems and processes that are meant to create transparency so that people have alignment, and know what they're doing, but have assumed trust.. And so, I remember leaving my early companies feeling like, wow, we still needed process.. And I'm a big believer in systems and process, and organizational structure as a means of achieving goals but you design them totally differently when you're designing them on the basis of trust, versus on the basis of, (mockingly screams) I've just hired all these people, and I have to make sure they don't mess up.. So I think that was a key early lesson that I took with me.. I think we have time for a very few more.. Sir? - [Man In Audience] One thing I picked up from this conversation session right now is the big focus on priorities.. And I want to find out from your perspective, in terms of how those priorities were developed..

Were they built internally or did they come from external pressures? - The question is about priorities and how we developed them.. I actually think priorities are in some ways easy when you come up with the framework through which you prioritize.. I think a mistake is saying we got all these things we could work on, let's just prioritize them.. Early days in Yammer, we were missing the friction to value but we said, look, to be successful, we need users, we need to grow, we need them to engage and stick around.. And we need to make money.. But frankly, in the first days, we actually just needed users because we could worry about the other two later, we had a minimum amount of engagement that was sufficient.. And so, for a year, we did nothing but work on features that would increase growth, so that made it really easy.. And someone would say, aw, we have all these users, and they're asking for this feature.. We'd be like, is it gonna help us grow? We're not working on it now.. Or, can you think about it in a way that helps us grow? Or maybe the idea is great and we'll only work on the parts of it that help us grow..

And it's very painful to take that sort of long view because there's so much you want to do.. So, again, I go back to identifying what the hypotheses you have to prove are, prioritizing those somewhat subjectively in terms of what is the thing that has to be true to be successful here? And what is the thing I'm most unsure about? I need to validate that, I need to focus and validate that, I can't do too much at one time.. We're resource-constrained, and I only need to work on that.. Actually, one thing, it was mentioned here, but I highly recommend you Google, "Sliders, Kris Gale," K, R, I, S, G, A, L, E.. He gives a talk on prioritization that is very short but it was really impactful for us.. We talk about this a lot and it's a way of thinking about only prioritizing things that are the lowest sliders they call it, the most pressing.. And only working on them until they're no longer the lowest slider, he describes it better than me.. But I highly recommend that as well.. (audience applauding) (uptempo dance music)..