

URL: <https://stvp.stanford.edu/clips/look-for-culture-fit>

Jeff Seibert, senior director of product at Twitter, describes how several companies made offers to acquire the technology behind his first startup, a file-conversion engine. Faced with multiple offers, Seibert explains how culture fit and the chance to continue working on the product was more important in the decision-making process than how much money was offered.



Transcript

We started really looking at what we had built.. And we quickly realized that probably the most valuable thing of the company wasn't necessarily our user base or the product as a whole, but was the technology we built.. We had built this back end system to convert 100 file formats to Flash, because this was 2009, and that's what you did.. And so, we had this conversion engine that we thought could be really powerful.. There are tons of different companies on the internet that dealt with documents.. Very few of them, if any of them, could actually display those files in the browser.. And so we started thinking, hey, this could be a path forward, and so what if we approached a bunch of those companies, and offered to partner with them.. And maybe they pay us a penny per document or whatever it could be, and in exchange we would power their document conversion and we would give them our document player, is what we called it, and this would allow them to show files within their site.. And so that's exactly what we did.. We went around the valley and pitched a bunch of companies on this partnership..

And here's some actual mocks we did for Box, where you have a file in your Box account and then you click preview, and you would see a preview of it right there within a few seconds.. And that could be pretty cool.. And what really blew our minds here is that where all the VCs did not like our sort of future looking vision, this was a very concrete thing, this was a very clear need that these companies had and they could really rationalize it.. It's like this is something worth doing to radically improve our product experience.. And we immediately had four companies that wanted to go partner with us.. The challenge was they had some interesting constraints and they were pretty much universal with these constraints.. They wanted it to be exclusive so that their competitors, the other ones on this list, didn't have the same technology.. And they wanted to host it themselves because if they were to send their private documents, their user documents, out to our systems they would have to change their privacy policies, they'd have to tell their user base.. It would be a whole legal mess.. And it would just be a lot of extra infrastructure they would have to build..

And so that all sounded reasonable.. The challenge is OK, from us, as the startup side, let me get this straight, you want to host our technology and we can't give it to anyone else because it has to be exclusive.. That doesn't really sound like a partnership to me.. That sounds pretty aggressive.. That sounds a little bit more like an acquisition.. And so we, I actually said that point blank to these four companies.. And we're like so what do you, what's your path forward? What do you propose here? Well three of them, Gray excluded, moved forward and actually made acquisition offers.. And this stunned us.. We were not expecting this.. We were like wow we were just trying to find a route forward for the company, find a way to break even, so that we could keep developing our technology, and now actually we had all these interesting offers on the table..

And so as we're thinking through this, how do we start evaluating which path to take.. And so you would do what anyone did, and go through and try to make some pros and cons.. And so how do we think about these companies? Well Red was really compelling.. Red had absolutely massive scale.. And these were the actual code names we used.. Red had actually massive scale, and so that's compelling.. We wanted to be able to power this for a large number of people to sort stay true to our vision and help people collaborate on documents.. And we got the sense that they were actually willing to pay quite a bit for this technology.. They saw the need.. They really understood how powerful this could be for their product..

Then of course there were some cons.. It was not a great culture fit.. This was an older company that had been around awhile.. They had a very corporate culture.. And they were down in San Jose.. And being recent grads we weren't certain we

wanted to move down to San Jose.. They also were requiring that we rewrite our whole technology stack.. We had written it in Ruby.. It was a great language to iterate on it very quickly, prototype stuff, get into production.. They were all Java based..

They said oh if you come in, you can't do Ruby, you have to rewrite this into Java.. And that was a challenge because we felt this would probably take 18 months or so to rewrite.. There was a lot of technology we had built there.. Purpose was about middle of the road.. So there was a good culture fit, that's fine.. But we weren't super passionate about their business.. They were more focused on the wiki space, and we just didn't really understand where that would go and pan out, and how this would become a huge thing.. Blue had a great culture fit, and a really clear product need.. So they had decent scale, not quite as big as Red, but they still had a lot of scale.. And it could fit in the product really nicely, and we loved the team..

We'd gotten to know them actually over the course of the prior year.. But it was clear that they were not willing to pay a lot.. They were a pretty small company at the time, and so that was something we would have to deal with as we weighed our options.. And so as we thought about this we very quickly ruled out Purple.. It was sort of middle of the road.. There wasn't anything really bad or really great about it.. But we were struggling a lot between Red and Blue.. And so who thinks we went with Red? Any hands? Wow! Who thinks we went with Blue? Everyone.. That's exactly right.. That's exactly right..

And so we made the decision.. OK all things considered we would far more value the culture and the path going forward than we did the money at the time.. We weren't in this to try to make a lot of money.. We were in this to build this tool and help people collaborate and we felt if we could have a very successful integration in partnership with Box that would be a strong way forward...