

URL: <https://stvp.stanford.edu/clips/startups-a-seven-year-commitment>

Serial entrepreneur Sandy Jen discusses the average length of a startup's life and how the amount of time and effort it requires means anyone who wants to launch a venture should work on meaningful problems and strive for huge impact. She explains how the adrenaline that sustains the first-time entrepreneur gives way to experience and wisdom the next time around.



Transcript

- And so an interesting point I wanted to make is as a second or third time entrepreneur, you have a lot more experience obviously 'cause you've done a lot.. And you have better tuned instincts than the first time around and as first time entrepreneurs, which I think a lot of you would like to be, the excitement of being an entrepreneur its kind of like a shot of adrenaline, so it sort of a sustained adrenaline shot that kind of rides you through the first startup 'cause you're just like full of energy, you're full of enthusiasm, you can work like 40 million hours a week and you're just like crazy.. And later on, that adrenaline kinda wears out.. But the adrenaline's replaced by you know, sort of more efficient muscles, better thinking, a little bit more pause when you act, and a lot more experience which is actually really helpful.. And for the second startup, it was actually a big deal to decide to jump back in.. And the reason I say this is that you know, they say the average lifetime of a startup is about seven years so if you're gonna think about doing a startup and really committing to it you should really commit seven years.. That's usually, seven years till some sort of exit event or whether it dies or succeeds or whatever.. And it's a commitment, it's sort of like you're trading off social time, family time, personal time to really commit yourself to this venture because ultimately you're responsible for your team, the product, you have fiduciary responsibilities to your investors, things like that.. And so when we decided that we were gonna jump back in we kinda had these stipulations of as a first time entrepreneur, Meebo was really exciting, it was really cool, it was social media-esque stuff.. But it didn't have the world impact that I think an Honor had..

When I wanted to do it again, I really wanted more impact.. I was hungrier, I was greedier for, to make a bigger difference in the world because I had these skills and I had these things that I'd learned, and I really wanted to use them for better.. And so the four of us got together and we're like OK, we're really picky, what do we want to do? And so we decided that it needed to meet three criteria, and the first one was it had to be a huge market.. So huge market translates to huge impact.. So if I picked a small tiny market like people who liked purple cars, like that's a really tiny set of demographic that I could work with as opposed to senior care which can affect people worldwide.. So, huge market.. The second stipulation was it really had to help people.. Right, like I can argue how Meebo in the beginning helped facilitate communication between friends and family and opened up chat networks for folks who couldn't get online, but at the end of the day it wasn't like it was like changing someone's life.. And so we wanted something that I could look you in the eye and be like, I made your life better.. And then the third one which was interesting is that we wanted it to be an execution risk..

And so the way we think about it, and this sort of framework, my cofounder came up with which I think really resonated with all of us which was, if you think about a spectrum of a startup, there's market risk, and then there's execution risk.. And market risk is kinda like Snapchat where did the world really ache for a messaging platform that had messages that expired after three seconds? I don't know, like who knows.. Like I have no distinct advantage over all of you to figure out whether or not that would work.. So there's this sort of market risk of well, if I build it, will they come? And on the other end of the spectrum there's, if I build it, which is execution risk, well, I build it, they will definitely come, but it's really friggin' hard to build.. And so we wanted this end of the spectrum...