

URL: <https://stvp.stanford.edu/blog/videos/the-20th-century-gold-rush>

Richardson describes the mood in Silicon Valley during the 1990's when companies were hurrying to grow and go public.



## Transcript

Now I have been very fortunate in my career to be in some great companies and work for some really awesome bosses, CEOs, etc.. And I have had the opportunity to be in small companies that got acquired.. cc: Mail never had the opportunity to go public but we got acquired by a well-known company, Lotus.. I have had the opportunity to be-- Same thing happened with Collabra.. We were growing in size.. We got bought by Netscape.. I have had the chance to be in company's going public.. That has been an exciting experience including Epiphany.. Very different dynamics, public to private.. And so I would like to share with you some of my thoughts about that and not to say that one is right or wrong, or anything..

Just to point out some things to think about as you build your own companies, and found companies, and grow businesses.. So, a little cartoon here.. I think that one of the things, for any of us who lived through the bubble, I know that we will be sitting around in our rocking chairs someday explaining to people, "I was around during the Great Gold Rush in Silicon Valley.. Our company was worth \$10 billion." There are going to be some really interesting stories.. But the point I want to make is, that period of time, I don't think it will happen again in my lifetime where things are that wacky.. But there was an important lesson to be learned.. And by the way, that does not mean I am pessimistic on great home run hits of companies eBay, Google, etc.. I am.. But the lesson we forgot was we threw out basic business concepts.. Really smart entrepreneurs, venture capitalists-- I mean, keep in mind, all these crazy companies had to get money from someone..

And they got it from these really smart people who have been VCs for 20 years.. And yet they were pouring money into pets.com, and eBags.. I mean just anything you could think of.. Thousands of enterprise software companies that really just had product features, not products.. And what we did was we forgot basic business concepts.. Build a business around a franchise.. Make it successful and get it profitable before you start doing more.. Do not expand globally before you have your U.S.. franchise built.. I mean, kind of crazy, right? But I can tell you, the pressure was really great in those days, to get public, raise a lot of money..

And I used to be told in meetings, I was running sales, "No, no, no, because we have to get big fast." And I actually was in a meeting where somebody said to me a banker made a comment, "Oh, people don't care about profits anymore.. That's really not in vogue." You got to get big fast.. Anyway, I scratched my head at that time but it was all such an amazing moment and that we all followed it.. So that's kind of one point...