

URL: <https://stvp.stanford.edu/clips/the-challenge-of-redefining-a-venture-clip>

Color co-founder and CEO Othman Laraki examines his toughest calls as an entrepreneur, noting that his most challenging moments often revolved around either contracting or expanding the company's mission, thus shifting its identity. While these decisions can lead some to believe that you're compromising your initial vision, he believes that building a great company often involves changing paths significantly—and selling that transformational shift to your employees.



Transcript

- I think, especially for, you know, 00:00:05,920 founders or people who are in leadership, or CEOs, or whatever of early stage companies.. I think one of the most challenging patterns that's I think are things that involve either expansion or contraction of your identity of what you are doing.. And what I mean by that is like, you know, the, you know, to build something especially when you don't have full product market fit yet and so on.. You need a lot of faith and you're, you know, selling the dream to people, whether it's investors, people who you want to join you, you know, to help build it and so on.. And so, you obviously need to have a lot of optimism and conviction around like, okay, this is the picture of the future.. And you rally people around that.. And in order to build a great product, you know, we together have to believe in that kind of definition of the future that we're all kind of gunning for.. And.... But we're getting feedback and data and the world is changing under us.. And I feel like over time there've been like both times when we wanted to narrow our definition where we were shedding part of our identity and part where we wanted to expand it that I think were some of the hardest moments because, it feels like you need....

It feels like.... Some people will feel that you break their promise a promise that you make to them.. Where people feel like you told me, you know, we were going to build a company in this box.. And that was the thing that was gonna change the world.. And now you're trying telling me no it's a triangle and that's not what you promised me.. And I think that's one of the.... Like it's something that's always a challenge for, you know, as a founder as, you know, someone was trying to, you know, really the promise to really what you.... The real goal is to build a company that is going to, you know, like I wanna build the most important healthcare company of our generation, right? Like that is really the goal.. And the path I might take might change a lot.. And so, like, I think two examples of like, where I feel like those are that....

I'll give you one contraction, one extension, both of which were interesting and challenging.. I think one was that, you know, we built this great genetics product.. That was I think probably.... And probably still is like the best clinical genetics product on the market in terms of the simplicity of access, the quality of the genetics and so on.. And we were trying to find how do you get it into the market in a way that scales to create, you know, a great business and a growing business and so on.. And there are many paths to that, right? Like we were like, you know, there's one path which was like, you know, more direct to consumer where people just buy it out of their own pocket, one which is like the traditional clinical channel which is like, oh, you know, you convince doctors to order it for people.. And then you build insurance and it goes through the traditional just be better at the old way of doing it, or there's going into a new market, or new way to access the market through payers, through, sorry, through employers and other sponsors like, you know, other people who care about large populations of people.. And about three years ago, like, you know, we had like kind of this hedged approach that where we had more of a consumer side, more of a clinical side that was more of a traditional diagnostics company.. And one that was more kind of like these large institutional programs.. And the first two were existing markets but one that we decided were not great markets..

Like they were not the way in which you were gonna change the world.. And there's this other one that we're like, you know, we think this is the pattern that aligns with the future but it's still very speculative.. And so we decided.... And I decided that we were gonna cut that third of the company that was actually, you know, trying to go after those kind of like legacy markets that were clearly not gonna be the future for us.. Then we were convinced we're not gonna be our future.. And so, you know, that was I think one of the most challenging things, you know, I've ever done in my career which was to decide

like.... And it, you know, and a lot of these people were like, you know, so I had, you know, I had to let some people go, I had to restructure a big part of the company, inject a lot of uncertainty, basically.. There's kind of like, you know, a lot of safety and feeling like, okay, well, there's this old crank that exists that, you know, at least it's survival and saying, "You know what?" Actually I remember like sitting, like stand in front of the company and being like, you know, we're letting go off the raft and we're swimming.. Like there's no more rafts and we're going.. And so, and that was very scary and....

But probably maybe one of the most important and impactful choices I've ever made then I think, you know, and obviously it was very challenging and like, you know, to do it also with compassion and, you know, these are all people, you know, impacted people that I cared a lot about that, you know, we're close friends and so on.. And so like, we wanted to do it the right way, but really there was kind of like about like what is the right path for the company? And it was a contraction of our definition where it's like we were, you know, letting go part of who we were to try to be who we want it to be, right? And the other one that I think is kind of almost the opposite is what we did with COVID last year.. And maybe we'll talk more about it, but like I felt like there's a very similar thing that happens when you redefine the canvas in a way that two people feels like, oh, this is defocusing.. And it's letting go off our identity, you know, for a lot of people like, you know, we.... Because we were doing amazing work in genetics saying, "Oh, now we're also gonna do things in infectious disease." Felt like, "Oh, are we letting go off who we are?" And it's like, no, actually like, you know, what we wanna be as like the best healthcare company in the world.. And that touches a lot of things and let's.... And there's a whole new definition of our identity that's much more broad that I think that was the right time to do that.. And so, I feel like those are the two types of patterns that I think are both challenging, but I think sometimes the most impactful ones that we can, you know, we can make...