

URL: <https://stvp.stanford.edu/clips/the-journey-of-company-building>

Sequoia Capital partner Alfred Lin explains how he and his colleagues at Sequoia view the process of building a company, and explores how the founder needs to evolve as the venture grows. Throughout this process, he adds, the most powerful advantage is founder-market fit.



Transcript

- What I've learned now at Sequoia, 00:00:05,423 and it's the reason why, you know, I think I fit here better because I'm a company builder too.. I think company building is a journey and there are different components of that journey along the way.. We like to partner early in the company's life cycle because there's a lot to get right at the beginning, and plant the right DNA at the beginning, and then it's a journey along the way.. And we like to talk about seeding excellence at the start, we like to talk about getting the decisions right during crucible moments.. Crucible moments don't just appear and say, "This is a crucible moment.. There's a fork in the road, which fork do you take?" They're not that clear.. And I think founders are very, very good at starting, and they start despite what everybody tells them and why it's gonna fail.. And so, at the beginning, the reason they started was they basically didn't listen or they ignored all the advice.. Then over time, you have to become a better and better listener.. And so there are a lot of things like that where the starting conditions....

You're a great founder because you have those starting conditions, and you have the characteristics for those starting conditions.. But over time, you have to evolve as well.. And company building starts with a seed of an idea, to founders that are really passionate about that idea, then it's about the product.. It's about building the product and iterating on product market fit.. It's about customer product fit.. Who are the customers that you're building for? It's about storytelling.. How do you tell your story so that all these other companies that are starting off, how do you rise above all the noise? It's about getting your first customer, it's about go to market.. What's your wedge into the market? There's a lot of competitors out there.. What's your differentiation? And at the end of the day, we're looking for a company that endures.. And so, I think the most important element is not necessarily the idea, but the willingness to be on this journey and be willing to outlast everybody else..

There are other things that you can ask beforehand, whether it's the right time or condition.. You can ask why now, and we do that a lot at Sequoia.. And I think that that is helpful to think about.. You can ask about, are there good tailwinds in the market? I think some of the misleading questions are like, how big is the TAM? I don't know how big the TAM was for ride sharing, or for home sharing, or for food delivery back when any of these companies were started.. The question is, how big can the TAM be? What is the potential? What is the long term potential? Or are there positive market dynamics? And at the end of the day, you know, every single founder and every single investor is looking for a very strong team, solving a really important problem in a future large market and having a differentiated business model so that you can charge more than your

competition.. But that's not a limiting sets.. If you can.... You can look at it a few ways.. There are a lot of things that satisfy those conditions.. Or you can look at it like, how am I gonna limit the set because I can't do everything? I can't start every single company and I can't invest in every single company..

So how am I gonna limit it? And for me, I've always looked for founder market fit.. And Tony at DoorDash has founder market fit because he grew up in the restaurant industry.. Brian has founder market fit because he's been thinking about this travel problem for a long period of time.. Lauren Myrick at Found was an accountant.. She started her small business.. She had a small business on the side, and she wants to help small businesses.. A lot of people have these stories and it's about the fit.. Why did they fit in this market?..