

URL: <https://stvp.stanford.edu/clips/understand-peoples-motivations>

Autonomous-vehicle maker Chris Gerdes shares key lessons about entrepreneurship that he learned when he decided to co-found a trucking company. He discovered that winning support from different stakeholders involved framing discussions in the context of their unique interests: "If you're going to be successful in a venture, you need people to share your vision, even if they don't share your motivation."



Transcript

- We know that our idea has technological merit, we actually proved this, back in my PhD thesis that you can do this.. We know that the companies are excited about it.. All we need to do is raise \$10 or \$20 million of venture capital and we're off and going.. So we decided to sort of schedule our first meetings with VCs to do this.. Now again remember, this is 2011.. Alright, so automation wasn't quite the hot thing it is now.. We came in and pitched our ideas to the first group, and they're like you know, we love the team, you've got a great idea, you're awesome and everything but this isn't quite the right fit for us.. Okay, that's fine.. Went on, pitch our idea again, we really love the team, you've got some great ideas, we're a little concerned about the government angle, it's not really the space that we're in.. Okay, fine..

Next pitch, kind of the same thing.. And you kind of get to that point where you're having the founding team meeting at Starbucks as you try to plot strategy and you're having this sort of soul searching moment of if we're so awesome, how come we don't have any money? And so we sorta realized that actually venture capitalists, despite the reputation that I had are actually incredibly polite, and so you feel great about your idea and your team and everything as you walk out of the meetings but at the end of the day we had no money, so we thought maybe we need to downscale our ambitions a little bit, maybe we need to think about a seed round that will just allow us to build up some trucks and get this idea proven.. And so as we started to do that, we started to talk to some Angel investors.. And they actually gave us some great advice.. So we had been sort of pitching this idea to VCs trying to get them excited about fuel savings, trying to get them excited about what we saw as interest from the truck industry.. But we weren't quite getting our argument across.. And Monte Nguyen, one of the angel investors who we connected with, said look, you need to come at this from a totally different direction.. You really need to talk to the people in the room and get them excited about what it is that you're trying to do here from their perspective.. And our pitch went from talking about trucks and flow fields and physics and fuel savings to one that was much simpler, it revolved around the number two percent.. What is two percent? Two percent is actually the profit margin at many large trucking fleets..

Trucking is a ridiculously, brutally competitive business, and so two to three percent is the profit margin that many of these large fleets are running.. Fuel is 30% of their expenses.. If you save seven percent of fuel, you have effectively doubled the profit margin.. With that entry, suddenly people understood what this was about, as opposed to saying trucking fleets are interested in this, it became clear that this is sort of a life or death difference if you can provide this sort of technology.. And so with this change in our message, we were in fact able to get a seed round of funding which led then to series A and series B and now Peloton has a large fleet of trucks out developing this and is very close to commercial launch of a platooning system, putting in the hands of commercial fleets to really save large amounts of fuel on the open road.. So what's the lesson here? Well I think it could be engineers need to learn to talk business but I don't think that's actually the message here, and as I reflected on this, it's also not just about pitching to your audience, because giving a talk to an audience is one thing.. So as I prepared for this, what did I think about? Well, what might be interesting to this group of people, right, I can just sort of explain some things that I think are interesting to all of you.. Hopefully I managed to get that about right, but you're not actually key to my venture.. I get to go to continue to do this stuff in my lab regardless of your interaction with me.. When I'm actually trying to raise funding, when I'm actually trying to bring on, say, other founders or other members of my team, what I really need to make sure of is that we're sharing a vision where this is going..

And the lesson that I learned from this is that if you're gonna be successful in a venture, you need people to share your

vision even if they don't share your motivation.. So each one of the founders of our team really had a different reason for doing this.. I was doing this not because I really wanted to build a company but because I thought this would be a good outlet for my skill set to make an impact on energy.. That's not necessarily anybody else's motivation involved with this, so the trick here is to basically make sure that you have harmony around the vision so everybody's moving in the same direction but understanding that everybody may be coming at that from a very different motivation...