

URL: <https://stvp.stanford.edu/clips/when-youre-naive-and-dumb>

MuckerLab Co-Founder William Hsu describes the hard lessons he learned experiencing early success followed by being fired from his own company.



Transcript

Within 18 months of graduating from Stanford, so I graduated when I was 22.. By the time I was 23, I started an internet company.. I was a combination of naive and dumb all at the same time and that's kind of a very dangerous combination.. My first job out of Stanford was working for an investment bank.. I worked for Credit Suisse for a guy named Franco Trun.. I was one of his first analysts hired.. I did that job for about 10 months and I met a bunch of CEOs of companies that I was trying to take public.. And when you're naive you can't identify talent when you see one, right.. So I was naive and kind of stupid enough to think wow, like these CEOs they don't seem that smart.. I can do this too..

So me plus two other guys from the bank quit 10 months into the program and decided to start an internet company.. 1998 was a great time to start an Internet company.. I had a deck and I was a banker, so my deck was really, really beautiful.. So, and luckily for me I was from Stanford with an engineering degree and I happen to be Asian, so lots of VC likes to do pattern matching, so they go this guy must be just as good as Jerry Yang.. So I said of course, actually my middle name is Yang! I don't know why and I won't give myself that kind of money, but in about - in two years since founding the company, we raised about \$50 million in total.. I didn't know how to actually spend that money.. I was really good at talking about a vision of what the future can be with BuildPoint.. And by the way it's funny, I never - I always skip this part.. BuildPoint is a marketplace for commercial construction services.. And the reason it always skips my mind is actually because I actually had no passion for that industry and it's actually one of the biggest mistakes I've made in my career, which is picking something I feel like is a great opportunity and therefore a VC will invest rather than because I love what I do..

Well, I barely knew how to start a company.. I barely knew how to design a product.. I barely knew how to manage a team.. And I was able to get some traction and do some good stuff.. In 1998, like Jeff Bezos likes to say, in the land of the blind, the one-eyed man is king.. So nobody realized I was blind because everybody else was blind too, so I was able to raise a lot of money.. But the world changed pretty quickly.. In 2001 the market crashed and the world changed dramatically the other direction.. Harvard Business Review, actually came out in an article and said in 2001 information technology doesn't matter.. This is the end of the technology revolution..

Larry Ellison, that quote is kind of disappearing on the slide, but what he essentially said was there was, he was in the middle of the interview, the world is kind of clearing around us and he basically said that if he was 21 years old he would not be in the business which he is in.. And I believe for the next 1,000 years there will be no more revolution around technology.. And that the platform that we have today will continue to be the same platform.. There will be no longer any innovation in technology.. And he recommends everyone that he talks to, to become a bioengineering or a doctor, a bioengineering major or a doctor.. Which is actually an interesting forethought, like that's certainly is a future.. But of course like I said, the pendulum can swing one direction or the other.. I was fired in 2001 by my board.. It was my own company.. I owned a significant majority of the company at least in the common stock..

And I was asked to leave.. I didn't know that was actually possible.. I didn't know actually the concept of shares and percentage ownership and common versus preferred and the board and the fiduciary duty of the board.. Just one day I walked into the office and they told me hey, we didn't want a 23-year-old running a company with \$30 million in the bank.. We wanted someone with more grey hair, maybe a VP from Oracle to come and run this company that we invested all this money in.. My initial first thought, like an immature 24-year-old at the time -- 25-year-old was at the time was I'm going to get all my

buddies in the engineering department, we're going to walk out together and we're just gonna disappear and start a new same company, do exactly the same thing.. Well, thank God I didn't do that, because we all have responsibilities.. There was 250 people working at BuildPoint.. They all have families, they have cars, savings accounts, they have mouths to feed, dinner to put on the table.. And what an irresponsible thought I had, and what an irresponsible person I have been to start a company without really thinking through can I truly be successful at building an internet company at the time...