

URL: <https://stvp.stanford.edu/blog/videos/why-tech-founders-need-a-moral-compass>

Who is responsible for navigating the line between disruptive tactics and immoral behavior? Founders today hold significant power and influence, says Steve Blank, serial entrepreneur and lecturer in Stanford's Department of Management Science and Engineering. Aspiring entrepreneurs can prepare themselves, and society, for better outcomes by developing a moral compass to guide them through difficult ethical decisions.



## Transcript

- I did eight startups in 21 years, and I had a variety of role models, some of which were win at any cost, and some of which were, you know, win, but you needed a set of, of profound beliefs about ethics.. And I had mentors on both sides, and the question is whether it's the better angels that win, or the darker angels that win.. And so, I ask entrepreneurs to at least have that conversation with themselves.. All my students today, when they graduate, think they're ready to be CEOs of, you know, 10,000-person companies.. The problem is, is you know facts, but you don't have any experience, and therefore, you have data but no wisdom.. And so I still suggest that you actually go apprentice somewhere.. Go watch some CEO in a startup for at least a year or two or more, and see what that role is like, and it's, it's an eye-opener.. - The sign of any truly disruptive company is clashing with the local regulatory establishment, and Airbnb's fight is hitting the steps of city hall today.. At the very heart of the issue is whether or not the home-sharing startup and its services are good for New York City.. - I don't think you'll get a memo that says you're being immoral versus disrupting an industry..

And so, once you cross a line, and without any kind of board oversight or ethical boundaries, you don't seem to stop, and that's what's dangerous.. So that's a great question, is why do founders have so much power? In the 21st century, the technology cycles have become incredibly compressed.. We've created unicorns, startups whose value is north of a billion dollars.. So you just can't go public and get rid of the founder, because literally the hour you're public, there's two new competitors and the market's changed.. In some unicorns, the founders, not the investors, actually control the board of directors of the company, and the investors are just along for the ride.. Now, that's great if founders behave well.. But if founders behave badly, break the law, sexual harassment, you know, illegal competition, the investors are not only don't have control, but they're the ones who could be thrown off the board if they call the founder out.. VCs could decide, as a group, that we don't invest in companies that where, we give out total founder control.. You know, that falls under the fat chance.. Ethics are not part of anybody's metrics..

So I think we're gonna have to wait to, some larger explosion, but I don't think it's impacted the investors.. I think the day some investors some going to jail for not managing their investment, then maybe we'll see some different behavior.. It's not that I don't have hope, it's that we're in a new gilded age.. I think these things go in cycles.. This whole environment feels a lot like the 1890s in the United States.. Y'know, corporations kinda ruled, we truly had people who were underclass and most of the wealth was kinda concentrated in the hands of the few.. And it looks like we might be approaching that cycle again.. You know, government has basically outsourced itself.. But the good news, and the thing to be hopeful for, is that at the end of that reign, the progressive era, the modern era, actually arose out of those ashes.. And I think we'll see that again...