

Notes

Introduction

The skepticism was buttressed: Philip Levinson, “3 Reasons Why Almost Every VC Investor Passed on Zoom,” *The Next Web*, January 26, 2021.

[GO TO NOTE REFERENCE IN TEXT](#)

Qualcomm owned 2 percent: Qualcomm owned 1.7 percent of Class B shares at the time of the IPO. See “Zoom Video Communications, Amendment No. 2 to Form S-1 Registration Statement,” US Securities and Exchange Commission, April 16, 2019, 121. For Zoom’s IPO, see Alex Konrad, “Zoom IPO Values It at \$9 Billion—and Mints New Cloud Billionaire Eric Yuan,” *Forbes*, April 18, 2019.

[GO TO NOTE REFERENCE IN TEXT](#)

Two years later, when Zoom: Tom Taulli, “Why Emergence Invested in Zoom in...2015,” *Forbes*, September 4, 2020; Ron Miller, “Zoom Video Conferencing Service Raises \$100 Million from Sequoia on Billion-Dollar Valuation,” *TechCrunch*, January 17, 2017, techcrunch.com/2017/01/17/sequoia-invests-100-million-in-zoom-video-conferencing-service.

[GO TO NOTE REFERENCE IN TEXT](#)

When Qualcomm Ventures invested: “Zoom Video Communications, Amendment No. 2 to Form S-1 Registration Statement,” 96.

[GO TO NOTE REFERENCE IN TEXT](#)

Another early investor in Zoom: Ben Bergman, “SentinelOne’s First Investor Also Wrote Zoom’s First Check,” *Insider*, July 1, 2021.

[GO TO NOTE REFERENCE IN TEXT](#)

One of the first decisions: Ron Miller, “Zoom Launches \$100m Zoom Apps Investment Fund,” *TechCrunch*, April 19, 2021.

GO TO NOTE REFERENCE IN TEXT

Chapter 1: Home Runs Matter, Strikeouts Don't

The startup's name was Fab.com: Fab.com's story is based on the following sources: Matthieu Guinebault, "Fab.com's \$300 Million Fundraiser," *Fashion Network*, May 22, 2013; Alyson Shontell, "Fab Hits 1 Million Users 5 Months After Launch," *Business Insider*, November 14, 2011; Seth Fiegerman, "Fab Passes 10 Million Members, Sells 5.4 Products Every Minute," *Mashable*, December 31, 2012; Alyson Shontell, "Fab, a Design Site That Raised \$156 Million to Compete with Ikea, Now Has 10 Million Members," *Business Insider*, December 31, 2012; Leena Rao, "Design-Focused Flash Sales Site Fab.com Raises \$40M from Andreessen Horowitz, Ashton Kutcher," *TechCrunch*, December 8, 2011; Brian Laung Aoaeh, "Case Study: Fab—How Did That Happen?," *Innovation Footprints*, November 27, 2017; Zachary Crockett, "Sh*t, I'm F*cked: Jason Goldberg, Founder of Fab," *The Hustle*, October 17, 2017; Christina Chaey, "Fab Now Offers Made-to-Order Products, a Physical Retail Store," *Fast Company*, April 30, 2013; Steven Millward, "Fab's \$150M Backers Include Tencent and Itochu, Plans to Launch in China and Maybe Japan," *Tech in Asia*, June 19, 2013; Ben Rooney, "Put Emotion at the Heart of E-Commerce, Says Fab Founder," *Wall Street Journal*, February 6, 2013. For "emotional commerce," see Sarah Frier, "Chasing Growth, Fab.com Sheds Executives and Misses Targets," *Bloomberg*, July 4, 2013.

[GO TO NOTE REFERENCE IN TEXT](#)

And the founder, Jason Goldberg: Michael Haley, "Jason Goldberg, Best Known for Fab, Has Raised \$8 Million in Seed Funding for Virtual Fitness Startup Moxie from Resolute, Bessemer, Greycroft, Others," *Insider*, April 8, 2021.

[GO TO NOTE REFERENCE IN TEXT](#)

Starbucks has around 40 percent: "Market Share of Selected Leading Coffee Chains in the United States in 2020, by Number of Outlets," Statista, [statista.com/statistics/250166/market-share-of-major-us-coffee-shops](https://www.statista.com/statistics/250166/market-share-of-major-us-coffee-shops).

[GO TO NOTE REFERENCE IN TEXT](#)

when Pete Alonso broke: Michael Salfino, "You Can't Have Home Runs Without Strikeouts," *FiveThirtyEight*, June 25, 2019.

[GO TO NOTE REFERENCE IN TEXT](#)

Apple acquired Shazam: Ingrid Lunden, "Apple Closes Its \$400m Shazam Acquisition and Says the Music Recognition App Will Soon Become Ad Free," *TechCrunch*, September 24, 2018.

[GO TO NOTE REFERENCE IN TEXT](#)

If we now go one step further: Will Gornall and Ilya A. Strebulaev, "Venture Capital Fund Returns," work in progress, Stanford Graduate School of Business.

[GO TO NOTE REFERENCE IN TEXT](#)

“If you invest in something”: Wesley Gottesman, “Thinking of Venture in Bets,” *Medium*, July 15, 2019.

[GO TO NOTE REFERENCE IN TEXT](#)

To put that figure in perspective: “Post-its,” *Quartz*, February 20, 2018; ODP Corporation, “The ODP Corporation Announces Fourth Quarter and Full Year 2022 Results,” *Business Wire*, March 1, 2023.

[GO TO NOTE REFERENCE IN TEXT](#)

“It was a eureka”: Alvin Soon, “Dr. Geoff Nicholson, the ‘Father of Post-it Notes,’ on 3M & Innovation,” *Hardware Zone*, March 22, 2013; Richard Sandomir, “Spencer Silver, an Inventor of Post-it Notes, Is Dead at 80,” *The New York Times*, May 13, 2021.

[GO TO NOTE REFERENCE IN TEXT](#)

3M director Richard Carlton: 3M Company, *A Century of Innovation: The 3M Story*, 2002, 17.

[GO TO NOTE REFERENCE IN TEXT](#)

The company has paid dividends: Prakash Kolli, “American Stocks Paying 100+ Years of Dividends,” *Dividend Power*, March 23, 2021.

[GO TO NOTE REFERENCE IN TEXT](#)

Analysts have even called 3M: Brian Hindo, “At 3M, a Struggle Between Efficiency and Creativity,” *Inside Innovation—in Depth*, June 11, 2007.

[GO TO NOTE REFERENCE IN TEXT](#)

3M’s employees: Steve Alexander, “3M, the Corporate Inventor, Surpasses 100,000 Patents Worldwide,” *Minneapolis Star-Tribune*, May 9, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

earning 25 to 30 percent: Shannon Black, “How the 15% Rule Became a Stepping Stone for 3M’s Innovation,” *Market Realist*, June 22, 2016; Paul D. Kretkowski, “The 15 Percent Solution,” *Wired*, January 23, 1998.

[GO TO NOTE REFERENCE IN TEXT](#)

James McNerney: Dale Buss, “Former GE Executives Successful as CEOs Elsewhere,” *InvestmentNews*, December 3, 2001.

[GO TO NOTE REFERENCE IN TEXT](#)

But that’s where the second part: Hindo, “At 3M, a Struggle.”

[GO TO NOTE REFERENCE IN TEXT](#)

Many stakeholders: Don Peppers, “How 3M Lost (and Found) Its Innovation Mojo,” *Inc.*, May 9, 2016.

[GO TO NOTE REFERENCE IN TEXT](#)

Researchers Mary Benner and Michael Tushman: Mary Benner and Michael L. Tushman, “Exploitation, Exploration, and Process Management: The Productivity Dilemma Revisited,” *Academy of Management Review* (April 2001): 28, 238–256.

[GO TO NOTE REFERENCE IN TEXT](#)

Art Fry, who first came up: Hindo, “At 3M, a Struggle”; Andrew Haeg, “3M at 100—on the Right Path for Growth?,” *Minnesota Public Radio*, June 10, 2002.

[GO TO NOTE REFERENCE IN TEXT](#)

the list of Fortune 500 companies: Mark J. Perry, “Only 52 US Companies Have Been on the Fortune 500 Since 1955, Thanks to the Creative Destruction That Fuels Economic Prosperity,” American Enterprise Institute, *AEIdeas*, May 22, 2019.

[GO TO NOTE REFERENCE IN TEXT](#)

In 1958, the companies: Michael Sheetz, “Technology Killing Off Corporate America: Average Life Span of Companies Under 20 Years,” *CNBC Markets*, August 24, 2017.

[GO TO NOTE REFERENCE IN TEXT](#)

One danger inherent in corporate life: “Why Avoiding Risk Can Be Good for Managers but Bad for Shareholders,” *Knowledge at Wharton*, December 9, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

This is exactly the story: Benny Evangelista, “How ‘Amazon Factor’ Killed Retailers Like Borders, Circuit City,” *SFGate*, July 10, 2015; Valerie Peterson, “Borders Group History—the Creation of a Bookstore Chain,” *LiveAbout*, updated February 3, 2020.

[GO TO NOTE REFERENCE IN TEXT](#)

When the *New York Times* A/B tests: *New York Times* Open Team, “How We Rearchitected Mobile A/B Testing at the *New York Times*,” *Medium*, March 4, 2021; Alexandria Symonds, “When a Headline Makes Headlines of Its Own,” *New York Times*, March 23, 2017.

[GO TO NOTE REFERENCE IN TEXT](#)

The airlines that Airbus: Daniel Thomas, “Why Did the Airbus A380 Fail?,” *BBC News*, February 14, 2019.

[GO TO NOTE REFERENCE IN TEXT](#)

Lego is now a well-studied: “Trouble in Legoland: How Too Much Innovation Almost Destroyed the Toy Company,” *Knowledge at Wharton* and *Time*, July 12, 2013; Jonathan Ringen, “How Lego Became the Apple of Toys,” *Fast Company*, January 8, 2015.

[GO TO NOTE REFERENCE IN TEXT](#)

Rather, it’s the beginning: Lisa Kay Solomon, “Conversation with Storyteller Dan Klein: How to Unlock Creative Collaboration with Presence and Play,” *LisaKaySolomon.com*, February 13, 2018.

[GO TO NOTE REFERENCE IN TEXT](#)

Released in 1993: Mat Honan, “Remembering the Apple Newton’s Prophetic Failure and Lasting Impact,” *Wired*, August 5, 2013.

[GO TO NOTE REFERENCE IN TEXT](#)

One such dramatic example: Ryan Mac, “Live Blog: Amazon Launches First Phone in Seattle,” *Forbes*, June 18, 2014; Taylor Soper, “Ouch: Amazon Takes \$170M Write-Down on Fire Phone,” *GeekWire*, October 23, 2014; Tricia Duryee, “Amazon Fire Phone Sales Estimated at 35,000—Equal to Just 25% of Employee Base,” *GeekWire*, August 26, 2014; Tom Warren, “Apple Sold a Record 4 Million iPhones in 24 Hours,” *The Verge*, September 15, 2014; Jeb Su, “4 Reasons the Amazon Fire Phone Will Fail,” *Forbes*, June 19, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

“We’re working on much bigger failures”: Monica Nickelsburg, “Amazon’s Jeff Bezos on the Fire Phone: ‘We’re Working on Much Bigger Failures Right Now,’” *GeekWire*, May 19, 2016.

[GO TO NOTE REFERENCE IN TEXT](#)

successes like the Echo: Charles Duhigg, “Is Amazon Unstoppable?,” *The New Yorker*, October 10, 2019.

[GO TO NOTE REFERENCE IN TEXT](#)

“You can’t, for one minute”: Catherine Clifford, “Jeff Bezos to Exec After Product Totally Flopped: ‘You Can’t, for One Minute, Feel Bad,’” *CNBC*, May 22, 2020.

[GO TO NOTE REFERENCE IN TEXT](#)

When Alphabet, Google’s parent company: Larry Page, “G Is for Google,” *Alphabet, The Keyword*, August 10, 2015, blog.google/alphabet/google-alphabet.

[GO TO NOTE REFERENCE IN TEXT](#)

Some of those seeds have become big trees: Oliver Franklin-Wallis, “Inside X, Google’s Top-Secret Moonshot Factory,” *Wired*, February 17, 2020.

[GO TO NOTE REFERENCE IN TEXT](#)

Google X employees are rewarded: David Grossman, “Secret Google Lab ‘Rewards Staff for Failure,’” *BBC News*, January 24, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

These companies know: Henry Stewart, “8 Companies That Celebrate Mistakes,” *Happy*, June 8, 2015, happy.co.uk/blogs/8-companies-that-celebrate-mistakes.

[GO TO NOTE REFERENCE IN TEXT](#)

Movies also have a high failure rate: Stephen Follows, “Is the Number of Box Office Flops Increasing?,” *StephenFollows.com*, December 3, 2018.

[GO TO NOTE REFERENCE IN TEXT](#)

Hits like *Game of Thrones*: Arthur De Vany, *Hollywood Economics: How Extreme Uncertainty Shapes the Film Industry* (London: Routledge, 2004), 39.

[GO TO NOTE REFERENCE IN TEXT](#)

And they take a long time to produce: Matthew Jackson, “12 Amazing Facts About Sam Raimi’s *Spider-Man*,” *Mental Floss*, May 3, 2017.

[GO TO NOTE REFERENCE IN TEXT](#)

That is an extraordinarily long: Lizette Chapman, “Palantir Goes Public After 17-Year Wait,” *Los Angeles Times*, September 30, 2020.

[GO TO NOTE REFERENCE IN TEXT](#)

The then CEO of Netflix: “A Guide to All the Netflix Shows That Have Been Canceled (and Why),” *Hollywood Reporter*, July 7, 2017.

[GO TO NOTE REFERENCE IN TEXT](#)

The then president of Pixar: Karl Cohen, “Is Pixar Losing Its Mojo?,” *CineSource*, July 2, 2013; Polina Pompliano, “The Profile Dossier: Ed Catmull, Pixar’s Creative Genius,” *Substack*, May 5, 2021, theprofile.substack.com/p/the-profile-dossier-ed-catmull-pixars.

[GO TO NOTE REFERENCE IN TEXT](#)

Chapter 2: Get Outside the Four Walls

They managed to turn a small: Lizette Chapman, “Sequoia Capital’s Early Dropbox Bet Pays Off with \$2 Billion Stake,” *Bloomberg*, March 23, 2018.

[GO TO NOTE REFERENCE IN TEXT](#)

The investment deal was agreed on: Arash Ferdowsi dropped out of MIT to pursue the Dropbox dream. Houston completed his MIT undergraduate degree in 2006. Drew Houston, “Thank You, Arash,” Dropbox, *Work in Progress*, March 20, 2020, blog.dropbox.com/topics/company/-thank-you-arash.

[GO TO NOTE REFERENCE IN TEXT](#)

Nozad had met them: Jessica Livingston, “Congrats Dropbox!,” Y Combinator, Founder Stories, March 23, 2018, ycombinator.com/blog/congratsdropbox.

[GO TO NOTE REFERENCE IN TEXT](#)

Nozad traveled a circuitous route: Anne Gherini, “Pejman Nozad: From Rugs to Riches,” Affinity, affinity.co/blog/pejman-nozad.

[GO TO NOTE REFERENCE IN TEXT](#)

the technology blog Mashable: Sean Aune, “Online Storage: 80+ File Hosting and Sharing Sites,” *Mashable*, July 28, 2007.

[GO TO NOTE REFERENCE IN TEXT](#)

Two days later, Sequoia’s: Zoe Bernard, “The Rise of Dropbox CEO Drew Houston, Who Just Made the Forbes 400 After Taking His Company Public,” *Insider*, October 4, 2018.

[GO TO NOTE REFERENCE IN TEXT](#)

in over 300 large companies: Neil Thompson, Didier Bonnet, and Sarah Jaballah, “Lifting the Lid on Corporate Innovation in the Digital Age,” Capgemini Invent and MIT, 2020, 12.

[GO TO NOTE REFERENCE IN TEXT](#)

Mark Siegel: Sophia Kunthara, “A Peek at Trendy Eyewear Retailer Warby Parker’s Funding History,” *Crunchbase News*, September 29, 2021.

[GO TO NOTE REFERENCE IN TEXT](#)

Steve Anderson: Somini Sengupta, Nicole Perloth, and Jenna Wortham, “Behind Instagram’s Success, Networking the Old Way,” *New York Times*, April 15, 2012.

[GO TO NOTE REFERENCE IN TEXT](#)

Jeremy Liew: Maya Kosoff, “How Snapchat’s First Investor Hunted Down Evan Spiegel,” *Vanity Fair*, March 14, 2017.

[GO TO NOTE REFERENCE IN TEXT](#)

“Success in VC is probably only 10%”: Ramana Nanda, Sampsa Samila, and Olav Sorenson, “The Persistent Effect of Initial Success: Evidence from Venture Capital,” *Journal of Financial Economics* 137, no. 1 (July 2020): 231–48.

[GO TO NOTE REFERENCE IN TEXT](#)

when Hoffman was raising money: Reid Hoffman, “Allies and Acquaintances: Two Key Types of Professional Relationships,” LinkedIn Pulse, November 27, 2012, [linkedin.com/pulse/20121126205355-1213-allies-and-acquaintances-two-key-types-of-professional-relationships](https://www.linkedin.com/pulse/20121126205355-1213-allies-and-acquaintances-two-key-types-of-professional-relationships); “Reid Hoffman: Founder of LinkedIn,” Yo! Success, Success Stories, January 25, 2016, yosuccess.com/success-stories/reid-hoffman-linkedin.

[GO TO NOTE REFERENCE IN TEXT](#)

Parker learned about Facebook: David Kirkpatrick, “With a Little Help from His Friends,” *Vanity Fair*, September 6, 2010; Steven Bertoni, “Sean Parker: Agent of Disruption,” *Forbes*, September 28, 2011. Reid Hoffman and Mark Pincus invested \$40,000 each; Peter Thiel shelled out \$500,000. See the site Who Owns Facebook?, whoownsfacebook.com.

[GO TO NOTE REFERENCE IN TEXT](#)

About half of all deals come: Paul Gompers, William Gornall, Steven N. Kaplan, and Ilya A. Strebulaev, “How Do Venture Capitalists Make Decisions?,” *Journal of Financial Economics* 135, no. 1 (January 2020): 169–90.

[GO TO NOTE REFERENCE IN TEXT](#)

Another one of Ilya’s studies: Ilya A. Strebulaev and Amanda Wang, “Organizational Structure and Decision-Making in Corporate Venture Capital,” working paper, Stanford Graduate School of Business, November 16, 2021, accessible at papers.ssrn.com/sol3/papers.cfm?abstract_id=3963514.

[GO TO NOTE REFERENCE IN TEXT](#)

Apparently, this is exactly what happened: “Amazon: Reimagining Commerce,” Kleiner Perkins, kleinerperkins.com/case-study/amazon.

[GO TO NOTE REFERENCE IN TEXT](#)

Or take David Cheriton: Laurie J. Flynn, “The Google I.P.O.: The Founders: 2 Wild and Crazy Guys (Soon To Be Billionaires), and Hoping To Keep It That Way,” *New York Times*, April 30, 2004.

[GO TO NOTE REFERENCE IN TEXT](#)

Winter had just invented: Mark Gurman, “Why Apple CEO Tim Cook Invested in a Shower Head,” *Bloomberg*, January 21, 2020.

[GO TO NOTE REFERENCE IN TEXT](#)

When Don Valentine, an investor: “The Seeds of Success,” *Time*, February 15, 1982; interviews by Sally Smith Hughes, “Early Bay Area Venture Capitalists: Shaping the Economic and Business Landscape,” Regional Oral History Office, University of California, 2010.

[GO TO NOTE REFERENCE IN TEXT](#)

Only 7 percent of all US adults: Social Media Fact Sheet, Pew Research Center, April 7, 2021.

[GO TO NOTE REFERENCE IN TEXT](#)

One undisputed leader: David Capece, “What Can We Learn from MySpace?,” *Fast Company*, January 5, 2010.

[GO TO NOTE REFERENCE IN TEXT](#)

Madera was staring with envy: Nicholas Jackson and Alexis C. Madrigal, “The Rise and Fall of Myspace,” *The Atlantic*, January 12, 2011.

[GO TO NOTE REFERENCE IN TEXT](#)

Obviously Meritech’s partners: “MySpace Hit #1 US Destination Last Week, Hitwise,” *TechCrunch*, July 11, 2006, techcrunch.com/2006/07/11/myspace-hit-1-us-destination-last-week-hitwise.

[GO TO NOTE REFERENCE IN TEXT](#)

Soon it became the first social network: Florian Zandt, “The Rise and Fall of MySpace,” Statista, November 12, 2021, statista.com/chart/26176/estimated-number-of-myspace-users-at-key-milestones.

[GO TO NOTE REFERENCE IN TEXT](#)

Stanford Daily news article: Shirin Sharif, “All the Cool Kids Are Doing It: Thousands of Stanford Students Join Facebook Web Site,” *Stanford Daily*, April 30, 2004, A4.

[GO TO NOTE REFERENCE IN TEXT](#)

From when it first appeared on campus: Abigail Keefe, “New College Craze: TheFacebook.com,” *The Loquitur* (Cabrini University), October 7, 2005, theloquitur.com/newcollegecrazethefacebookcom.

[GO TO NOTE REFERENCE IN TEXT](#)

Madera sat down with TheFacebook: Ann Grimes, “Powerful Connections: Social-Networking Web Sites,” *Wall Street Journal*, October 30, 2003.

[GO TO NOTE REFERENCE IN TEXT](#)

Sequoia decided to invest: Parmy Olson, “Exclusive: The Rags-to-Riches Tale of How Jan Koum Built WhatsApp into Facebook’s New \$19 Billion Baby,” *Forbes*, February 19, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

In Finland, innovation and promising technology: Carita Harju, “Slush 2018: World’s Leading Start-Up Event Builds the Sauna Village Again,” Sauna from Finland, June 12, 2018, saunafromfinland.com/news/slush-2018-worlds-leading-start-up-event-builds-the-sauna-village-again.

[GO TO NOTE REFERENCE IN TEXT](#)

the Burning Man festival: Nellie Bowles, “Burning Man Becomes a Hot Spot for Tech Titans,” *SFGate*, August 25, 2014, sfgate.com/style/article/Burning-Man-becomes-a-hot-spot-for-tech-titans-4756482.php.

[GO TO NOTE REFERENCE IN TEXT](#)

We found that angels and VCs: Note that this finding refers only to the very first part of the deal funnel and does not mean that female or Asian founders are more likely to receive funding eventually.

[GO TO NOTE REFERENCE IN TEXT](#)

David Cowan of Bessemer Ventures: The story is taken almost word for word from “The Anti-Portfolio: Honoring the Companies We Missed,” Bessemer Venture Partners, bvp.com/anti-portfolio.

[GO TO NOTE REFERENCE IN TEXT](#)

Ask Garry Tan: Trung T. Phan, “Garry Tan on Coinbase: ‘We’re Still in the Early Innings,’ ” *The Hustle*, April 14, 2021, thehustle.co/garry-tan-q-and-a-coinbase-trung-phan.

[GO TO NOTE REFERENCE IN TEXT](#)

Tan invested \$300K in Bitbank: Tan’s stake was 0.66 percent at the time of the IPO. Alex Konrad, “How Initialized Investor Garry Tan Turned a \$300,000 Bet on Coinbase into a \$680 Million ‘Golden Ticket,’ ” *Forbes*, April 14, 2021. Pre-money valuation at IPO was \$85.8 billion (PitchBook).

[GO TO NOTE REFERENCE IN TEXT](#)

Cuban soon led the seed round: Anna Mazarakis and Alyson Shontell, “How Box’s Founders Got Mark Cuban to Invest in Their Startup While They Were Still in College—Without Ever Meeting Him,” *Business Insider India*, July 17, 2017, businessinsider.in/How-Boxs-founders-got-Mark-Cuban-to-invest-in-their-startup-while-they-was-still-in-college-without-ever-meeting-him/articleshow/59635769.cms.

[GO TO NOTE REFERENCE IN TEXT](#)

Adam Lyons: An impossible (?) story of this founder is told in Catherine Clifford, “How a 25-Year-Old High-School Dropout Cold-Emailed Mark Cuban and Got an Investment,” CNBC, March 22, 2017, cnbc.com/2017/03/22/25-year-old-high-school-dropout-emailed-mark-cuban-and-got-investment.html. If you think that this is the most unusual step in Adam’s life, then hold your breath. He formerly bagged groceries, packed boxes, washed dishes, and sold insurance earlier in his career, only to be fired from each of these jobs. He started the company from a friend’s basement while living off his unemployment checks, until his life took a U-turn that led to winning the Ernst & Young Entrepreneur of the Year Award.

[GO TO NOTE REFERENCE IN TEXT](#)

an impoverished office clerk: Ellen Embleton, “Revisiting Ramanujan,” Royal Society, October 2, 2018, royalsociety.org/blog/2018/10/revisiting-ramanujan.

[GO TO NOTE REFERENCE IN TEXT](#)

VCs don’t want to miss: As a professor at Stanford, I (Ilya) receives many emails, sometimes a dozen or more per week, from prospective doctoral students. Writing from around the globe, a passionate dream of these young men and women is to come to California and pursue a PhD degree at Stanford. Most of these emails request me to become their thesis adviser and contain an offer to come work for me. The emails are overly long, clumsily written, and usually miss the point of what faculty are looking for in selecting PhD students. In a nutshell, these prospective applicants do not know how to write cold pitches. I politely decline most of these offers. Yet in the back of my mind, I am always asking myself whether I have just missed meeting another Ramanujan.

[GO TO NOTE REFERENCE IN TEXT](#)

Chester Carlson: The story of Chester Carlson and xerography is based on the following sources: “October 22, 1938: Invention of Xerography,” *APSNews* 12, no. 10 (October 2003), aps.org/publications/apsnews/200310/history.cfm; Antony Anderson, “Review: How We All Became Copycats—*The Anatomy of Xerography: Its Invention and Evolution* by J. Mort,” *New Scientist*, May 5, 1990.

[GO TO NOTE REFERENCE IN TEXT](#)

When he finally became a manager: The company was a producer of dry cell batteries (mercury and alkaline Duracell), electronic components including electrolytic capacitors and timer switches, and audible warning devices. “P. R. Mallory and Company,” *Encyclopedia of Indianapolis*, revised July 2021, indyencyclopedia.org/p-r-mallory-and-company.

[GO TO NOTE REFERENCE IN TEXT](#)

This casual observation: For an alternative view, see Anderson, “Review: How We All Became Copycats.” Carlson was inspired by a brief article written by Hungarian physicist Pál Selényi. But he worked on this invention alone. “Entrepreneurs, Inventors and Innovators: Chester Carlson, Class of 1938, Inventor of Xerography,” New York Law School, Digital Commons, digitalcommons.nyls.edu/entrepreneurs_inventors_innovators/4. “Selényi’s pioneering work in electrostatic picture transmission and recording made him the father of xerography, though the business potential of his innovation was not recognized at Tungfram [his employer]. He was the first to record pictures on selenium as well. In 1939, due to the second Jewish law [in Hungary], he was forced to retire,” in “Pál Selényi, Physicist: The Father of Xerography,” Tungfram, lighting.tungfram.com/en/tungfram-heritage/pal-selenyi-physicist-the-father-of-xerography, accessed July 2023.

[GO TO NOTE REFERENCE IN TEXT](#)

The resulting company, Xerox: Brian Taylor, “GFD Complete Histories—Xerox,” Global Financial Data, June 2, 2013, globalfinancialdata.com/gfd-complete-histories-xerox.

[GO TO NOTE REFERENCE IN TEXT](#)

Its copy machine 914: Edward Tenner, “The Mother of All Invention: How the Xerox 914 Gave Rise to the Information Age,” *The Atlantic*, July–August 2010. *Fortune* described Xerox in this way due to its high gross margin.

[GO TO NOTE REFERENCE IN TEXT](#)

Carlson’s invention was roundly rejected: Katrina C. Arabe, “Chester’s Dream: The Genesis of the Modern Photocopier,” Thomas, April 9, 2001,

thomasnet.com/insights/imt/2001/04/09/chesters_dream/; Joseph J. Ermenc, "Interview of Chester F. Carlson, the Inventor," *NYLS Law Review* 44, no. 2 (January 2001): 265–66.

[GO TO NOTE REFERENCE IN TEXT](#)

Bushnell rejected the offer: Tim Biggs, "The Man Who Refused a Third of Apple for \$50K," *Stuff*, March 24, 2015, stuff.co.nz/technology/gadgets/67491648/the-man-who-refused-a-third-of-apple-for-50k. Interestingly, Apple's cofounder Wozniak suggests in an interview that Bushnell and his team did not check carefully because they were distracted by another product at the time: "You guys had the first Pong handle coming out and that was millions of dollars for you so your mind was so focused. You said 'we don't have time to make a computer also' and that came about later"; Husain Sumra, "Steve Wozniak and Atari Founder Nolan Bushnell Recall Steve Jobs and Early Apple Memories Together," *MacRumors*, September 27, 2013, macrumors.com/2013/09/28/steve-wozniak-and-atari-founder-nolan-bushnell-recall-steve-jobs-and-early-apple-memories-together.

[GO TO NOTE REFERENCE IN TEXT](#)

"It's kind of fun": Walter Isaacson, *Steve Jobs* (New York: Simon and Schuster, 2011), 75; "How Atari's Nolan Bushnell Turned Down Steve Jobs' Offer of a Third of Apple at \$50,000," Fairfax Media, video accessible at youtube.com/watch?v=GSHdQVhYqok.

[GO TO NOTE REFERENCE IN TEXT](#)

Apple cofounder Steve Wozniak: Urvaksh Karkaria, "Wozniak: 'I Begged HP to Make the Apple I. Five Times They Turned Me Down,'" *Atlanta Business Chronicle*, January 31, 2013, bizjournals.com/atlanta/blog/atlantech/2013/01/woz-i-begged-h-p-to-make-the-apple-1.html.

[GO TO NOTE REFERENCE IN TEXT](#)

the new owner of Atari Corporation: "Atari's New Owner Orders Layoffs," *New York Times*, July 7, 1984.

[GO TO NOTE REFERENCE IN TEXT](#)

In a study of almost one million patents: Ajay K. Agrawal, Iain M. Cockburn, and Carlos Rosell, "Not Invented Here? Innovation in Company Towns," Working Paper 15437, National Bureau of Economic Research, October 2009, nber.org/papers/w15437.

[GO TO NOTE REFERENCE IN TEXT](#)

Markus Reitzig from the University of Vienna: Markus G. Reitzig and Olav Sorenson, "Intra-Organizational Provincialism," February 12, 2010, papers.ssrn.com/sol3/papers.cfm?abstract_id=1552059.

[GO TO NOTE REFERENCE IN TEXT](#)

The effect of “flat earth” thinking: There are now even books about echo chamber phenomena among flat-earthers connecting it to social media algorithms. But could human nature be to blame? See Kelly Weill, *Off the Edge: Flat Earthers, Conspiracy Culture, and Why People Will Believe Anything* (Chapel Hill, NC: Algonquin Books, 2022).

[GO TO NOTE REFERENCE IN TEXT](#)

Nortel was another company: Douglas Hunter, “Nortel,” *The Canadian Encyclopedia*, January 5, 2018, thecanadianencyclopedia.ca/en/article/nortel; “Nortel and the TSE 299,” CBC News, August 18, 2000, cbc.ca/news/business/nortel-and-the-tse-299-1.230333.

[GO TO NOTE REFERENCE IN TEXT](#)

Nortel is a case study: This is based, among other sources, on Peter MacKinnon, Peter Chapman, and Hussein Mouftah, “Nortel Technology Lens: Analysis and Observations,” Faculty of Engineering, University of Ottawa, March 25, 2015, sites.telfer.uottawa.ca/nortelstudy/files/2014/02/nortel-technology-lens-report-release-version.pdf.

[GO TO NOTE REFERENCE IN TEXT](#)

At least ten went public: Henry W. Chesbrough, *Open Innovation: The New Imperative for Creating and Profiting from Technology* (Boston: Harvard Business School Press, 2003).

[GO TO NOTE REFERENCE IN TEXT](#)

Steve Jobs said that the company behind Alto: Gil Press, “Apple and Steve Jobs Steal from Xerox to Battle Big Brother IBM,” *Forbes*, January 15, 2017.

[GO TO NOTE REFERENCE IN TEXT](#)

Xerox invented but failed to benefit: Chesbrough, *Open Innovation*, 5; “Triumph of the Nerds,” PBS television transcript, pbs.org/nerds/part3.html; Daniel P. Gross, “Xerox PARC and Yesterday’s Office of Tomorrow,” October 29, 2021, dgross.ca/blog/xerox-parc.

[GO TO NOTE REFERENCE IN TEXT](#)

Xerox headquarters in Rochester, New York: Xerox’s headquarters were in Rochester until 1973 and then moved to Stamford, Connecticut, an even greater distance from Palo Alto. See “Xerox: Online Fact Book,” web.archive.org/web/20100423184011/http://www.xerox.com/go/xrx/template/019d.jsp?id=Historical&view=Factbook.

[GO TO NOTE REFERENCE IN TEXT](#)

PARC was so revolutionary: Dan Tynan, “Tech Meccas: The 12 Holy Sites of IT,” *InfoWorld*, August 3, 2009, infoworld.com/article/2631062/tech-meccas--the-12-holy-sites-of-it.html?page=4.

[GO TO NOTE REFERENCE IN TEXT](#)

Eric tried to tease out secrets: Evgenia Pukhaeva, “Slow Coffee in Rome: Sant’Eustachio,” *Surreal Generation*, October 24, 2020, surrealgeneration.com/2020/10/24/slow-coffee-in-rome-santeustachio.

[GO TO NOTE REFERENCE IN TEXT](#)

Favre explained the simple rule: “Eric Favre—the Swiss Inventor Who Put Coffee into Capsules,” House of Switzerland, Swiss Stories, June 7, 2017, houseofswitzerland.org/swissstories/economics/eric-favre-swiss-inventor-who-put-coffee-capsules.

[GO TO NOTE REFERENCE IN TEXT](#)

When Eric returned to his Nestlé office: The official story of Nespresso is found at “Nespresso: How One Man’s Passion Created a Coffee Icon,” Nestlé, nestleusa.com/media/nespresso-history-eric-favre-coffee-vacation. An interview with Eric Favre can be found in “Eric Favre: From Nespresso to Monodor, the Story of an Inventor,” Lift Conference, Geneva, 2008, accessible at youtube.com/watch?v=JJkRPn3zVsM.

[GO TO NOTE REFERENCE IN TEXT](#)

a salesman working for the German chemical: Ben Bensaou and Karl Weber, *Build to Innovate* (New York: McGraw Hill, 2021). We thank Professor Bensaou for providing us with additional details based on his interviews at BASF.

[GO TO NOTE REFERENCE IN TEXT](#)

What was once just an insulation material: Kevin J. Delaney, “‘Build to Innovate’ by Ben M. Bensaou: The Approaches Behind the Magic Eraser, Marvel Studios, and Other Breakthroughs,” *Charter*, October 29, 2021, charterworks.com/built-to-innovate-ben-bensaou.

[GO TO NOTE REFERENCE IN TEXT](#)

Olay Regenerist, Swiffer Dusters: Ed Getty, “Open Innovation Model Helps P&G ‘Connect and Develop,’” *Tech Briefs*, December 1, 2007, techbriefs.com/component/content/article/tb/pub/features/articles/2482.

[GO TO NOTE REFERENCE IN TEXT](#)

After his appointment in 2000: In corporate innovation workshops, we often share the statistic that P&G has more PhDs among their employees than the top five US universities combined.

[GO TO NOTE REFERENCE IN TEXT](#)

Former P&G executives later admitted: Neil Buckley, “The Power of Original Thinking,” *Financial Times*, January 13, 2005.

[GO TO NOTE REFERENCE IN TEXT](#)

“key elements that were discovered externally”: Larry Huston and Nabil Sakkab, “Connect and Develop: Inside Procter & Gamble’s New Model for Innovation,” *Harvard Business Review*, March 2006.

[GO TO NOTE REFERENCE IN TEXT](#)

chief scientific officer at...Johnson & Johnson: Michael Ringel, Andrew Taylor, and Hadi Zablit, “Bringing Outside Innovation Inside: The Most Innovative Companies 2016,” BCG, January 25, 2017, bcg.com/publications/2017/growth-bringing-outside-innovation-inside.

[GO TO NOTE REFERENCE IN TEXT](#)

Their innovative products: “J&J’s Incubator Makes Health Equity High Priority for Selecting New Partners,” *S&P Global Market Intelligence*, March 9, 2022, spglobal.com/marketintelligence/en/news-insights/latest-news-headlines/j-j-s-incubator-makes-health-equity-high-priority-for-selecting-new-partners-69184687.

[GO TO NOTE REFERENCE IN TEXT](#)

ideas that led to the creation: “JLabs Navigator,” Johnson & Johnson Innovation, jnjinnovation.com/JLABSNavigator.

[GO TO NOTE REFERENCE IN TEXT](#)

Netflix started a competition: Matthew Salganik, “5.3.1 Netflix Prize,” *Bit by Bit: Social Research in the Digital Age* (Princeton: Princeton University Press, 2017), open review edition, bitbybitbook.com/en/mass-collaboration/open-calls/netflix-prize; Xavier Amatriain, “On the ‘Usefulness’ of the Netflix Prize,” *Medium*, June 23, 2021, xamat.medium.com/on-the-usefulness-of-the-netflix-prize-403d360aaf2.

[GO TO NOTE REFERENCE IN TEXT](#)

Researchers from Stanford: Anna Brown, “A Profile of Single Americans,” Pew Research Center, August 20, 2020, pewresearch.org/social-trends/2020/08/20/a-profile-of-single-americans; Michael

Rosenfeld, Reuben J. Thomas, and Sonia Hausen, “Disintermediating Your Friends: How Online Dating in the United States Displaces Other Ways of Meeting,” *Proceedings of the National Academy of Sciences* 116, no. 36 (2019): 17753–58.

[GO TO NOTE REFERENCE IN TEXT](#)

Eighty-five percent of all jobs: Lou Adler, “New Survey Reveals 85% of All Jobs Are Filled via Networking,” LinkedIn Pulse, February 29, 2016, [linkedin.com/pulse/new-survey-reveals-85-all-jobs-filled-via-networking-lou-adler](https://www.linkedin.com/pulse/new-survey-reveals-85-all-jobs-filled-via-networking-lou-adler).

[GO TO NOTE REFERENCE IN TEXT](#)

Two-thirds of people: “Eighty Percent of Professionals Consider Networking Important to Career Success,” LinkedIn, June 22, 2017, news.linkedin.com/2017/6/eighty-percent-of-professionals-consider-networking-important-to-career-success.

[GO TO NOTE REFERENCE IN TEXT](#)

In contrast, just one of every ten jobs: Susan Adams, “Networking Is Still the Best Way to Find a Job, Survey Says,” *Forbes*, June 7, 2011.

[GO TO NOTE REFERENCE IN TEXT](#)

“Be at your office Monday morning, 7 a.m.”: Annie Riley, “Pejman Nozad: Use Your Differences,” *Who Got Me Here* podcast, episode 7, whogotmehere.com/episodes/pejman-nozad, beginning at 12:38.

[GO TO NOTE REFERENCE IN TEXT](#)

Chapter 3: Prepare Your Mind

To add a realistic twist: For the purpose of this discussion, we chose startups that pitched to students from across several different years.

[GO TO NOTE REFERENCE IN TEXT](#)

Her company, BabyQuip: “BabyQuip: Rent Baby Gear on Your Next Vacation. Serving 1000+ Locations,” BabyQuip, December 13, 2022, accessible at [youtube.com/watch?v=u-1ZqAtFZfg](https://www.youtube.com/watch?v=u-1ZqAtFZfg).

[GO TO NOTE REFERENCE IN TEXT](#)

just a few of the dozens of startups: Sensate, getsensate.com/pages/meet-sensate; Ashlee Marie Preston, “Finally, a Social Media Platform That Cares About LGBTQ Safety: The Spaces App Is Worth ‘Following,’” *Forbes*, August 24, 2022; Blotout, blotout.io; Cleary, gocleary.com; BabyQuip, babyquip.com.

[GO TO NOTE REFERENCE IN TEXT](#)

The last remaining shark: You can view this episode of *Shark Tank* on Hulu (season 11, episode 14) and decide what questions you would ask and whether you would invest and on what terms; see also “BabyQuip Shark Tank Tale,” *Shark Tank Tales* (season 11, episode 14), sharktantaes.com/babyquip-shark-tank-update.

[GO TO NOTE REFERENCE IN TEXT](#)

We randomly picked dozens of pitches: The episodes are edited before they appear on TV. Thus, an average pitch lasts longer than what viewers experience.

[GO TO NOTE REFERENCE IN TEXT](#)

Canadian researchers: Andrew L. Maxwell, Scott A. Jeffrey, and Moren Lévesque, “Business Angel Early Stage Decision Making,” *Journal of Business Venturing* 26, no. 2 (March 2011): 212–25.

[GO TO NOTE REFERENCE IN TEXT](#)

Gandhi described his quest: Jaclyn Foroughi, Theresia Gouw, and Ilya A. Strebulaev, “Dropbox: Series B Financing,” Case F309, Stanford Graduate School of Business, November 11, 2013, 4.

[GO TO NOTE REFERENCE IN TEXT](#)

As Thomas Jefferson is reputed: In fact, this is such a great quotation that it has been attributed to many! According to the Thomas Jefferson Foundation (Monticello), the quote appears nowhere in his

writings; see “I am a great believer in luck...(Spurious Quotation),” *Thomas Jefferson Encyclopedia*, monticello.org/research-education/thomas-jefferson-encyclopedia/i-am-great-believer-luckspurious-quotation.

[GO TO NOTE REFERENCE IN TEXT](#)

Airbnb’s exponential growth: Berber Jin, “The Inside Story of Youniversity Ventures, Keith Rabois’s Investing Group That Turned a £380,000 Airbnb Seed Investment into \$600 Million,” *Insider*, December 11, 2020, businessinsider.com/how-keith-rabois-youniversity-ventures-got-into-airbnbs-seed-round-2020-12.

[GO TO NOTE REFERENCE IN TEXT](#)

David Rosenthal: “The Complete History and Strategy of Airbnb,” *Acquired* podcast, season 7, episode 8, December 10, 2020, acquired.fm/episodes/airbnb.

[GO TO NOTE REFERENCE IN TEXT](#)

According to Paul Graham: Paul Graham, Twitter post, December 8, 2020, twitter.com/paulg/status/1336387068633747463?lang=en.

[GO TO NOTE REFERENCE IN TEXT](#)

Alexander Fleming’s miraculous discovery: “Discovery and Development of Penicillin,” ACS Chemistry for Life, acs.org/education/whatischemistry/landmarks/flemingpenicillin.html#alexander-fleming-penicillin.

[GO TO NOTE REFERENCE IN TEXT](#)

“But for the previous experience”: Morton A. Meyers, *Happy Accidents: Serendipity in Major Medical Breakthroughs in the Twentieth Century* (New York: Arcade, 2011).

[GO TO NOTE REFERENCE IN TEXT](#)

X-rays, microwaves, and pacemakers: “X-Rays and Other Accidental Discoveries,” BBC Bitesize, bbc.co.uk/bitesize/articles/zg9q8hv; Heather Brown, “5 Best Accidental Inventions,” *Famous Scientists*, famousscintists.org/5-best-accidental-inventions.

[GO TO NOTE REFERENCE IN TEXT](#)

Louis Pasteur: “Serendipity and the Prepared Mind: An NHLBI Intramural Researcher’s Breakthrough Observations,” National Heart, Lung, and Blood Institute, December 24, 2013, nhlbi.nih.gov/directors-messages/serendipity-and-the-prepared-mind.

[GO TO NOTE REFERENCE IN TEXT](#)

Its executives agreed to show Apple: Walter Isaacson, *Steve Jobs* (New York: Simon and Schuster, 2011), 94, chapter 8; Ali Montag, “Here’s Why Your Computer Has a Mouse, According to Steve Jobs in 1985,” CNBC, May 21, 2018, cnbc.com/2018/05/21/why-your-computer-has-a-mouse-according-to-steve-jobs.html; “The Xerox PARC Visit,” Making the Macintosh: Technology and Culture in Silicon Valley, web.stanford.edu/dept/SUL/sites/mac/parc.html.

[GO TO NOTE REFERENCE IN TEXT](#)

“It was so obvious once you saw it”: “Steve Jobs Interview: One-on-One in 1995,” *NetworkWorld*, October 6, 2011, networkworld.com/article/2181879/steve-jobs-interview--one-on-one-in-1995.html; video accessible at youtube.com/watch?v=cBk4a_uOi7Q, quote starting at 59:00.

[GO TO NOTE REFERENCE IN TEXT](#)

But why Jobs and not PARC?: Facts for this paragraph are taken from Douglas K. Smith and Robert C. Alexander, *Fumbling the Future: How Xerox Invented, Then Ignored, the First Personal Computer* (Lincoln, NE: iUniverse, 1999).

[GO TO NOTE REFERENCE IN TEXT](#)

Consider the computer mouse: Paul Atkinson, “The Best Laid Plans of Mice and Men: The Computer Mouse in the History of Computing,” *Design Issues* 23, no. 3 (Summer 2007): 46–61.

[GO TO NOTE REFERENCE IN TEXT](#)

Marc Andreessen: Bill Snyder, “Marc Andreessen: ‘We Are Biased Toward People Who Never Give Up,’” Stanford Graduate School of Business, *Insights*, June 23, 2014, gsb.stanford.edu/insights/marc-andreessen-we-are-biased-toward-people-who-never-give; video accessible at youtube.com/watch?v=JYYsXzt1VDc.

[GO TO NOTE REFERENCE IN TEXT](#)

What made Milner different: Dan Primack, “Marc Andreessen Talks About That Time Facebook Almost Lost 80% of Its Value,” *Fortune*, June 18, 2015.

[GO TO NOTE REFERENCE IN TEXT](#)

This approach prepared Milner: Samidha Sharma, “Yurika! The Billionaire with the Secret Spreadsheet,” *Times of India*, August 6, 2015.

[GO TO NOTE REFERENCE IN TEXT](#)

Zuckerberg later said of DST: Richard Wray, “Digital Sky Technologies Takes \$200m Stake in Facebook,” *The Guardian*, May 26, 2009, theguardian.com/business/2009/may/26/dst-facebook-

[zuckerberg-microsoft-milner.](#)

[GO TO NOTE REFERENCE IN TEXT](#)

“I spend lots of time”: Milner’s interview with *The Bell*, in Russian, accessible at youtube.com/watch?v=x0fxbdoMTgg, 1:23:51.

[GO TO NOTE REFERENCE IN TEXT](#)

before April 2000 the luxury: Patrick J. Kiger, “How Do Airplanes Get Inflight WiFi and Live TV?,” *HowStuffWorks*, January 31, 2019, science.howstuffworks.com/transport/flight/modern/do-airplanes-get-wifi-and-live-tv.htm; Jane L. Levere, “Business Travel: Passengers on JetBlue Will Be Able to Watch Live Satellite-Television Programming from Their Seats,” *New York Times*, July 21, 1999.

[GO TO NOTE REFERENCE IN TEXT](#)

One challenge that JetBlue faced: Bonny Simi was the protagonist of a Stanford GSB business case study. Some facts are taken from that case: Robert A. Burgelman, Joseph N. Golden, and Amit Sridharan, “JetBlue Technology Ventures: Bringing External Innovation In House,” Case E660, *Stanford Graduate School of Business*, 2019.

[GO TO NOTE REFERENCE IN TEXT](#)

In just a couple years: “3Victors: Providing Data Science as a Service,” JetBlue Ventures, jetblueventures.com/portfolio/3victors.

[GO TO NOTE REFERENCE IN TEXT](#)

Each year, somewhere between 50,000: Scott Meslow, “How Hollywood Chooses Scripts: The Insider List That Led to ‘Abduction,’” *The Atlantic*, September 23, 2011.

[GO TO NOTE REFERENCE IN TEXT](#)

research conducted by Kimberly Elsbach: Kimberly D. Elsbach and Roderick M. Kramer, “Assessing Creativity in Hollywood Pitch Meetings: Evidence for a Dual-Process Model of Creativity Judgments,” *Academy of Management Journal* 46, no. 3 (June 2003): 283–301.

[GO TO NOTE REFERENCE IN TEXT](#)

producers often make a decision: Carmine Gallo, “The Art of the Elevator Pitch,” *Harvard Business Review*, October 3, 2018.

[GO TO NOTE REFERENCE IN TEXT](#)

When *Time Out* magazine: Chris Bourn, “The World of Dating in 2015,” *Time Out*, February 4, 2015, web.archive.org/web/20150317003851/http://www.timeout.com/dating-2015/.

[GO TO NOTE REFERENCE IN TEXT](#)

Producers also network actively: Frédéric C. Godart and Ashley Mears, “How Do Cultural Producers Make Creative Decisions? Lessons from the Catwalk,” *Social Forces* 88, no. 2 (December 2009): 671–92.

[GO TO NOTE REFERENCE IN TEXT](#)

Thanks to a complex eye-tracking study: “Eye Tracking Study,” Ladders, 2018, theladders.com/static/images/basicSite/pdfs/TheLadders-EyeTracking-StudyC2.pdf. Another study found that employers view resumes for less than eleven seconds; “Employers View Resumes for Fewer Than 11 Seconds,” Workopolis, April 21, 2014, careers.workopolis.com/advice/employers-view-resumes-for-fewer-than-11-seconds/.

[GO TO NOTE REFERENCE IN TEXT](#)

Chapter 4: Say No 100 Times

What you have just witnessed: The “winner’s curse” was coined by three Atlantic Richfield engineers: E. C. Capen, R. V. Clapp, and W. M. Campbell, “Competitive Bidding in High-Risk Situations,” *Journal of Petroleum Technology* 23, no. 6 (1971): 641–53. It is interesting that such an important concept was first discussed by industry practitioners, not academic economists. They showed that the low rates of return in offshore oil exploration could be explained by the bidders paying more for the property (oil leases) than it was ultimately worth.

[GO TO NOTE REFERENCE IN TEXT](#)

Consider the sudden rise: Harish Sridharan, “Rise and Fall of Crypto Exchange FTX,” Reuters, November 17, 2022, [reuters.com/markets/currencies/rise-fall-crypto-exchange-ftx-2022-11-10/](https://www.reuters.com/markets/currencies/rise-fall-crypto-exchange-ftx-2022-11-10/); Cory Weinberg, “Inside the Venture FOMO Machine That Powered SBF’s Meteoric Rise,” *The Information*, November 11, 2022, theinformation.com/articles/inside-the-venture-fomo-machine-that-powered-sbfs-meteoric-rise/; Karen Kwok, “Review: WeWork’s Debacle Had Many Enablers,” Reuters, August 6, 2021, [reuters.com/article/us-companies-wework-breakingviews-idDEKBN2F71UY](https://www.reuters.com/article/us-companies-wework-breakingviews-idDEKBN2F71UY).

[GO TO NOTE REFERENCE IN TEXT](#)

Ofo, a bicycle-sharing company: Masha Borak, “Troubled Bike-Sharing Company Ofo Is Now a Shopping App,” *South China Morning Post*, February 5, 2020.

[GO TO NOTE REFERENCE IN TEXT](#)

Bill Maris of Google Ventures: Richard Waters, “Founder of Google’s Venture Capital Arm Stepping Down,” *Financial Times*, November 8, 2016.

[GO TO NOTE REFERENCE IN TEXT](#)

The last two were acquired: Matthew Herper, “Flatiron Health, Purchased by Roche, Signs Three-Year Deal with Bristol-Myers,” *Forbes*, May 2, 2018; “Roche and Foundation Medicine Reach Definitive Merger Agreement to Accelerate Broad Availability of Comprehensive Genomic Profiling in Oncology,” Foundation Medicine, press release, June 19, 2018, [foundationmedicine.com/press-releases/24c62ccb-a2c4-47cf-b2d5-c7e6378c08fe](https://www.foundationmedicine.com/press-releases/24c62ccb-a2c4-47cf-b2d5-c7e6378c08fe).

[GO TO NOTE REFERENCE IN TEXT](#)

In 2013, another opportunity: Jillian D’Onfro, “Bill Maris: Here’s Why Google Ventures Didn’t Invest in Theranos,” *Business Insider*, October 21, 2015.

[GO TO NOTE REFERENCE IN TEXT](#)

But oddly enough: Jennifer Reingold, “Theranos’ Board: Plenty of Connections, Little Relevant Expertise,” *Fortune*, October 15, 2015.

[GO TO NOTE REFERENCE IN TEXT](#)

“one of the most egregious white-collar crimes”: Michael Liedtke, “Elizabeth Holmes Gets More Than 11 Years for Theranos Scam,” Associated Press, November 18, 2022, accessible at [usnews.com/news/business/articles/2022-11-18/elizabeth-holmes-faces-judgment-day-for-her-theranos-crimes](https://www.usnews.com/news/business/articles/2022-11-18/elizabeth-holmes-faces-judgment-day-for-her-theranos-crimes).

[GO TO NOTE REFERENCE IN TEXT](#)

As he was drilling down: Erin Griffith, “Silicon Valley Can’t Escape Elizabeth Holmes,” *New York Times*, January 4, 2022.

[GO TO NOTE REFERENCE IN TEXT](#)

A similar result unfolded: In fact, many VC investors turned down the Theranos opportunity. Almost all the money the company eventually raised came from technology outsiders. Sebastian Mallaby, “What Elizabeth Holmes and Theranos Reveal about Venture Capitalism,” *New York Times*, January 26, 2022.

[GO TO NOTE REFERENCE IN TEXT](#)

Marc Andreessen surprised: “Marc Andreessen on Big Breakthrough Ideas and Courageous Entrepreneurs,” View from the Top interview, Stanford Graduate School of Business, March 4, 2014, gsb.stanford.edu/insights/marc-andreessen-people-courage-are-determined-succeed.

[GO TO NOTE REFERENCE IN TEXT](#)

For every one investment: Paul Gompers, William Gornall, Steven N. Kaplan, and Ilya A. Strebulaev, “How Do Venture Capitalists Make Decisions?,” *Journal of Financial Economics* 135, no. 1 (January 2020): 169–90.

[GO TO NOTE REFERENCE IN TEXT](#)

Netflix users spend less than twenty minutes: Angela Moscaritolo, “Netflix Users Waste Ton of Time Searching for Something to Watch,” *PCMag*, July 21, 2016, [pcmag.com/news/netflix-users-waste-ton-of-time-searching-for-something-to-watch](https://www.pcmag.com/news/netflix-users-waste-ton-of-time-searching-for-something-to-watch).

[GO TO NOTE REFERENCE IN TEXT](#)

three to six hours to buy a car: Jerrel P. et al., “I Would Like to Know What Is the Average Length of Time a Consumer Spends Buying a Car,” Wonder, June 5, 2017, [askwonder.com/research/know-](https://www.askwonder.com/research/know-)

[average-length-time-consumer-spends-buying-car-vd5g8tr8c#:](#).

[GO TO NOTE REFERENCE IN TEXT](#)

the VC due diligence process: Gompers, Gornall, Kaplan, and Strebulaev, “How Do Venture Capitalists.”

[GO TO NOTE REFERENCE IN TEXT](#)

the investment memo written by Bessemer: Bessemer Venture Partners memos are available at [bvp.com/memos](#).

[GO TO NOTE REFERENCE IN TEXT](#)

VCs are disciplined about understanding: Alice Singer, “Risk Management When Investing in Venture Capital: How to Avoid Debt,” CBNation, December 25, 2020, [rescue.ceoblognation.com/2020/12/25/risk-management-when-investing-in-venture-capital-how-to-avoid-debt](#).

[GO TO NOTE REFERENCE IN TEXT](#)

“PR FAQ”: An example could be found at “Amazon’s Prime Pantry Phenomenon,” [productstrategy.co/content/files/2022/05/Amazon-PrimePantry-PR-FAQ.pdf](#).

[GO TO NOTE REFERENCE IN TEXT](#)

The first page is a fake: Colin Bryar, “Working Backwards: How PR/FAQs Help Launch Successful Products like AWS, Kindle and Prime Video,” Coda.io, 2023, [coda.io/@colin-bryar/working-backwards-how-write-an-amazon-pr-faq](#).

[GO TO NOTE REFERENCE IN TEXT](#)

operation called Fireworks Partners: “Company News: I.B.M. Forming Unit for Multimedia Developments,” *New York Times*, January 21, 1993; Josh Lerner, “Corporate Venturing,” *Harvard Business Review*, October 2013.

[GO TO NOTE REFERENCE IN TEXT](#)

Ilya and his Stanford research fellow: Ilya A. Strebulaev and Amanda Wang, “Organizational Structure and Decision-Making in Corporate Venture Capital,” working paper, Stanford Graduate School of Business, November 16, 2021, accessible at [papers.ssrn.com/sol3/papers.cfm?abstract_id=3963514](#).

[GO TO NOTE REFERENCE IN TEXT](#)

When IBM released information: “The Reason for All the Fireworks!,” *Tech Monitor*, January 24, 1993, techmonitor.ai/technology/the_reason_for_all_the_fireworks.

[GO TO NOTE REFERENCE IN TEXT](#)

Consider the case of R. H. Donnelley: R. H. Donnelley Investor Day presentation, March 22, 2006, media.corporate-ir.net/media_files/irol/74/74700/presentations/rhdinvestorday.pdf; Jon Harari, “Death of the Yellow Page Directories,” LinkedIn Pulse, May 29, 2019, [linkedin.com/pulse/death-yellow-page-directories-jon-harari](https://www.linkedin.com/pulse/death-yellow-page-directories-jon-harari); Andrew Bary, “Flashing Yellow, with Lots of Green,” *Barron’s*, August 18, 2008, barrons.com/articles/SB121884884595646323; “Yellow Pages Offer Walk Through Time,” Associated Press, February 22, 2005, accessible at deseret.com/2005/2/22/19878504/yellow-pages-offer-walk-through-time.

[GO TO NOTE REFERENCE IN TEXT](#)

The Pulitzer Prize, one of the most prestigious: Jeevan Sivasubramaniam, “How You (or Anyone) Can Be a Pulitzer Prize Nominee,” Berrett-Koehler Publishers, bkconnection.com/bkblog/jeevan-sivasubramaniam/how-you-or-anyone-can-be-a-pulitzer-prize-nominee; “Deconstructing the Pulitzer Fiction Snub,” *New York Times*, April 18, 2012, nytimes.com/2012/04/19/opinion/deconstructing-the-pulitzer-fiction-snub.html; Michael Moats, “The Story of the Pulitzer That Never Was,” Fiction Advocate, July 11, 2012, fictionadvocate.com/2012/07/11/the-story-of-the-pulitzer-that-never-was.

[GO TO NOTE REFERENCE IN TEXT](#)

At Google, where the chances: It was not always the case. Google limited the number of interviewers after a detailed review. “What’s the Optimum Number of Interviews According to Google?,” Cowen Partners Executive Search, cowenpartners.com/whats-the-optimum-number-of-interviews-according-to-google. Sources vary on the chances of getting a Google job, all reporting a figure less than 1 percent. This source, citing a former Google HR director, reports 0.2 percent: Max Nisen, “Here’s Why You Only Have a 0.2% Chance of Getting Hired at Google,” *Quartz*, October 22, 2014, qz.com/285001/heres-why-you-only-have-a-0-2-chance-of-getting-hired-at-google.

[GO TO NOTE REFERENCE IN TEXT](#)

Zillow reports: Sangdi Lin, “Predicting Sparse Down-Funnel Events in Home Shopping with Transfer and Multi-Target Learning,” Zillow, April 16, 2020, zillow.com/tech/predicting-sparse-down-funnel-events.

[GO TO NOTE REFERENCE IN TEXT](#)

Emmy Award–winner Michaela Coel: Erica Gonzales, “Michaela Coel Turned Down Netflix’s \$1 Million Offer for *I May Destroy You*,” *Harper’s Bazaar*, July 7, 2020, harpersbazaar.com/culture/film-tv/a33234332/michaela-coel-turned-down-netflix-deal.

GO TO NOTE REFERENCE IN TEXT

Chapter 5: Bet on the Jockey

Ali's book: Ali Tamaseb, *Super Founders: What Data Reveals About Billion-Dollar Startups* (New York: PublicAffairs, 2021). In case you were wondering what Ali's first book was—it doesn't compete with *Super Founders* in popularity, but over 20,000 readers appreciated his effort to describe how competitors prepare for the Iranian Physics Olympiads.

[GO TO NOTE REFERENCE IN TEXT](#)

Swedish enthusiast Markus Persson: Alex Cox, “The History of Minecraft—the Best Selling PC Game Ever,” *Tech Radar*, September 4, 2020, techradar.com/news/the-history-of-minecraft.

[GO TO NOTE REFERENCE IN TEXT](#)

Supercell, founded in Helsinki: “Hay Day Success Story,” *Success Story*, successstory.com/products/hay-day; “Supercell: About Us,” supercell.com/en/about-us.

[GO TO NOTE REFERENCE IN TEXT](#)

Supercell was overwhelmed with investors: Mike Butcher, “Supercell Raises \$12m from Accel Partners to Power Social Web Games,” *TechCrunch*, May 27, 2011, techcrunch.com/2011/05/26/supercell-raises-12m-from-accel-partners-to-power-social-web-games; Supercell profile, PitchBook, pitchbook.com/profiles/company/52225-57#overview; “SoftBank Buys \$1.5 Billion Stake in Finnish Mobile Games Maker Supercell,” CNBC, October 15, 2013, cnbc.com/2013/10/15/softbank-buys-15-billion-stake-in-finnish-mobile-games-maker-supercell.html. The valuations mentioned here and in connection to other startups in the book are in fact “post-money valuations,” equal to the product of the total number of diluted shares and the price per share paid by investors in the latest round. As Gornall and Strebulaev found, post-money valuations for highly valued VC-backed companies are on average 50 percent above fair valuations. Still, a \$3 billion post-money valuation made Supercell a high-valued unicorn; see Will Gornall and Ilya A. Strebulaev, “Squaring Venture Valuations with Reality,” *Journal of Financial Economics* 135, no. 1 (January 2020): 120–43.

[GO TO NOTE REFERENCE IN TEXT](#)

A storied VC investor, Accel Partners: Rachel Weber, “Accel Sells Supercell Shares, SoftBank Ups Stake,” *GamesIndustry.biz*, June 1, 2015, gamesindustry.biz/accel-sells-supercell-shares-softbank-ups-stake; Om Malik, “Tiny Speck,” *OM.co*, om.co/gigaom/glitch-5-million-vc-funding.

[GO TO NOTE REFERENCE IN TEXT](#)

Butterfield described the new game: Matthew Ingram, “Q&A: Stewart Butterfield on the Launch of Glitch,” *GigaOM*, February 9, 2010, web.archive.org/web/20100215221349/https://gigaom.com/2010/02/09/qa-stewart-butterfield-on-the

[launch-of-glitch](#). See also “The Startups Team, Slacking Off: Interview with Stewart Butterfield,” Startups.com, June 4, 2018, [startups.com/library/founder-stories/stewart-butterfield](#); Nick Douglas, “I’m Slack CTO Cal Henderson, and This Is How I Work,” *Lifehacker*, September 13, 2017, [lifehacker.com/im-slack-cto-cal-henderson-and-this-is-how-i-work-1803819796](#).

[GO TO NOTE REFERENCE IN TEXT](#)

Four years of development: Daniel Terdiman, “Glitch Launches; *CNET* Offers an Instant-Entry Pass,” *CNET*, September 27, 2011; Dean Takahas, “Online Game Startup Tiny Speck Raises \$10.7M from Andreessen Horowitz and Accel,” *GamesBeat*, April 12, 2011, [venturebeat.com/games/online-game-startup-tiny-speck-raises-10-7m-from-andreessen-horowitz-and-accel](#); “The Big Pivot: Slack’s Stewart Butterfield,” *Masters of Scale* podcast, episode 13, [mastersofscale.com/stewart-butterfield-the-big-pivot/](#).

[GO TO NOTE REFERENCE IN TEXT](#)

reviews were lukewarm: Emily St. James, “Glitch,” *AV Club*, October 17, 2011, [avclub.com/glitch-1798227936](#).

[GO TO NOTE REFERENCE IN TEXT](#)

Butterfield and Henderson had decided: “Why Did Glitch Shut Down?,” Startup Cemetery, *Failory*, [failory.com/cemetery/glitch](#).

[GO TO NOTE REFERENCE IN TEXT](#)

One employee at Tiny Speck: Johnny Rodgers, “The Death of Glitch, the Birth of Slack,” November 2012, [johnnyrodgers.is/The-death-of-Glitch-the-birth-of-Slack](#).

[GO TO NOTE REFERENCE IN TEXT](#)

The forty-two-person team: Christian Nutt, “The Story of Glitch: Why This Odd MMO Is Shutting Down,” *Informa Tech*, November 30, 2012, [gamedeveloper.com/business/the-story-of-i-glitch-i-why-this-odd-mmo-is-shutting-down#.ULkcf4P-EsQ](#).

[GO TO NOTE REFERENCE IN TEXT](#)

In November 2012, two years: Justin Olivetti, “Glitch Closing Down, Cites Limited Audience,” *Engadget*, November 14, 2012.

[GO TO NOTE REFERENCE IN TEXT](#)

Tiny Speck still had a nice pile of money: Lizette Chapman, “How One VC Firm Amassed a 24% Stake in Slack Worth \$4.6 Billion,” *Bloomberg*, June 21, 2019, [bloomberg.com/news/articles/2019-06-21/investing-in-slack-work-made-billions-for-vc-firm-accel?sref=PF9CBsza](#). Some other sources report an even higher number of \$6 million.

[GO TO NOTE REFERENCE IN TEXT](#)

You could still have recovered: Tiny Speck received angel funding of \$1.5 million in 2009, followed by Series A funding of \$5 million in 2010 and a Series B round of \$10.7 million in 2011. If they had \$5 million left in the bank, that would be 29 cents per dollar invested. If they desired, VC investors could have clawed back even more, if angel investors had fewer rights.

[GO TO NOTE REFERENCE IN TEXT](#)

the Accel investors refused: Chapman, “How One VC Firm.”

[GO TO NOTE REFERENCE IN TEXT](#)

The original investment memo: Andrew Braccia, “Slack: It’s Always Been About the People,” Accel, June 20, 2019, accel.com/noteworthy/slack-its-always-been-about-the-people.

[GO TO NOTE REFERENCE IN TEXT](#)

Ben Horowitz, a cofounder: Caroline Fairchild, “How Ben Horowitz Accidentally Invested in Slack,” LinkedIn Pulse, April 28, 2015, [linkedin.com/pulse/how-ben-horowitz-accidentally-invested-slack-caroline-fairchild](https://www.linkedin.com/pulse/how-ben-horowitz-accidentally-invested-slack-caroline-fairchild).

[GO TO NOTE REFERENCE IN TEXT](#)

This is how YouTube was born: Paige Leskin, “YouTube Is 15 Years Old. Here’s a Timeline of How YouTube Was Founded, Its Rise to Video Behemoth, and Its Biggest Controversies Along the Way,” *Insider*, May 30, 2020.

[GO TO NOTE REFERENCE IN TEXT](#)

This is how Instagram was born: Eric Markowitz, “How Instagram Grew from Foursquare Knock-Off to \$1 Billion Photo Empire,” *Inc.*, April 10, 2012, [inc.com/eric-markowitz/life-and-times-of-instagram-the-complete-original-story.html](https://www.inc.com/eric-markowitz/life-and-times-of-instagram-the-complete-original-story.html); Sriram Krishnan, “How We Took Instagram to a Billion Users: Instagram Co-Founder Mike Krieger,” YouTube, January 24, 2021, [youtube.com/watch?v=sfqTlk4vDJw](https://www.youtube.com/watch?v=sfqTlk4vDJw).

[GO TO NOTE REFERENCE IN TEXT](#)

This is how Twitter was born: Adam L. Penenberg, “An Insider’s History of How a Podcasting Startup Pivoted to Become Twitter,” *Fast Company*, August 9, 2012; Nicholas Carlson, “The Real History of Twitter,” *Business Insider*, April 12, 2011.

[GO TO NOTE REFERENCE IN TEXT](#)

Jimmy Jemail: Jimmy Jemail, “The Question: How Important Is a Jockey to a Horse?,” *Sports Illustrated Vault*, October 8, 1956, vault.si.com/vault/1956/10/08/the-question-how-important-is-a-jockey-to-a-horse.

[GO TO NOTE REFERENCE IN TEXT](#)

More recent evidence from horse racing: Christopher Beam, “Do Jockeys Matter in Horse Races?,” *Slate*, May 12, 2009, slate.com/news-and-politics/2009/05/do-jockeys-matter-at-all-in-horse-racing.html.

[GO TO NOTE REFERENCE IN TEXT](#)

Jerry Bailey, the Hall of Fame jockey: Joe Drape, “Faster Horses? Study Credits Jockeys,” *New York Times*, July 16, 2009.

[GO TO NOTE REFERENCE IN TEXT](#)

Len Ragozin’s *Sheets*...And Bill Benter’s algorithm: Kit Chellel, “The Gambler Who Cracked the Horse-Racing Code,” *Bloomberg*, May 3, 2018, bloomberg.com/news/features/2018-05-03/the-gambler-who-cracked-the-horse-racing-code?sref=PF9CBsza.

[GO TO NOTE REFERENCE IN TEXT](#)

Ilya and his colleagues looked: Gompers, Gornall, Kaplan, and Strebulaev, “How Do Venture Capitalists.”

[GO TO NOTE REFERENCE IN TEXT](#)

the jockey factor still came out on top: One exception was in the healthcare space, especially in the late-stage rounds. A possible explanation is that in many biotech investments, much of the initial uncertainty has been resolved before investors put in their money; for example, scientific research on a drug’s effectiveness may already have occurred.

[GO TO NOTE REFERENCE IN TEXT](#)

General Georges Doriot: William D. Bygrave and Jeffrey Timmons, *Venture Capital at the Crossroads* (Cambridge, MA: Harvard Business School Press, 1992), 104.

[GO TO NOTE REFERENCE IN TEXT](#)

One of the founders of Greylock Partners: Henry F. McCance, interview conducted by Carole Kolker, October 14, 2010, Computer History Museum, archive.computerhistory.org/resources/access/text/2019/03/102781068-05-01-acc.pdf. The quotation has been slightly modified for clarity.

[GO TO NOTE REFERENCE IN TEXT](#)

Gmail's story: The story of Gmail ideation and development, and Paul Buchheit's role in it, is vividly described by Jessica Livingston in *Founders at Work: Stories of Startups' Early Days* (Berkeley, CA: Apress, 2007), see page 162 for quotes. See also Harry McCracken, "How Gmail Happened: The Inside Story of Its Launch 10 Years Ago," *Time*, April 1, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

Gmail is not the only product: On Google News, see Harry McCracken, "An Exclusive Look Inside Google In-House Incubator Area 120," *Fast Company*, December 3, 2018; on Google Talk, Gary Price, "Where Did Google Talk Come From?," *Search Engine Watch*, August 30, 2005, searchenginewatch.com/2005/08/30/where-did-google-talk-come-from; on Google Scholar, Richard Van Noorden, "Google Scholar Pioneer Reflects on the Academic Search Engine's Future," *Scientific American*, November 10, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

The word "intrapreneurship": Meredith Somers, "Intrapreneurship, Explained," MIT Management Sloan School, June 21, 2018, mitsloan.mit.edu/ideas-made-to-matter/intrapreneurship-explained; Norman Macrae, "Intrapreneurial Now: Big Goes Bust," *The Economist*, April 17, 1982, 47–48; Gerald C. Lubenow, "Jobs Talks About His Rise and Fall," *Newsweek*, September 29, 1985.

[GO TO NOTE REFERENCE IN TEXT](#)

Consider the Happy Meal: Oriana González, "Hispanic Heritage: Happy Meals Migrated from Guatemala," *Axios*, October 7, 2021, axios.com/2021/10/07/guatemala-mcdonalds-happy-meal-hispanic-heritage.

[GO TO NOTE REFERENCE IN TEXT](#)

Paul Buchheit did not stop: Livingston, *Founders at Work*.

[GO TO NOTE REFERENCE IN TEXT](#)

Bodexpress: Zach Brook, "How Bodexpress Ran the 2019 Preakness Without a Jockey," NBC Sports, May 18, 2019, nbcsports.com/betting/horse-racing/news/how-bodexpress-ran-the-2019-preakness-without-a-jockey.

[GO TO NOTE REFERENCE IN TEXT](#)

Tony Xu had no experience: Kelsey Doyle, "DoorDash CEO Tony Xu on Why Obsession with Detail Matters," View from the Top interview, Stanford Graduate School of Business, June 16, 2021, gsb.stanford.edu/insights/door-dash-ceo-tony-xu-why-obsession-detail-matters.

[GO TO NOTE REFERENCE IN TEXT](#)

Brian Chesky and Joe Gebbia: “Airbnb Founders: Brian Chesky, Nathan Blecharczyk, and Joe Gebbia,” Hostaway, hostaway.com/airbnb-founders.

[GO TO NOTE REFERENCE IN TEXT](#)

The founders of Flatiron Health: Matthew Herper, “At 24, Two Entrepreneurs Took On Cancer. At 32, They’re Worth Hundreds of Millions,” *Forbes*, November 14, 2018.

[GO TO NOTE REFERENCE IN TEXT](#)

Investor Paul Graham agreed: Morgan Brown, “AirBnb: The Growth Story You Didn’t Know,” GrowthHackers, growthhackers.com/growth-studies/airbnb.

[GO TO NOTE REFERENCE IN TEXT](#)

By the time Poulsen’s tenure ended: Myles McCormick and Anjali Raval, “Orsted Chief Henrik Poulsen Resigns,” *Financial Times*, June 15, 2020.

[GO TO NOTE REFERENCE IN TEXT](#)

Poulsen’s example fits well with the research: Abu M. Jalal and Alexandros P. Prezas, “Outsider CEO Succession and Firm Performance,” *Journal of Economics and Business* 64, no. 6 (November–December 2012): 399–426.

[GO TO NOTE REFERENCE IN TEXT](#)

Tristan Botelho and Melody Chang: Tristan L. Botelho and Melody Chang, “The Evaluation of Founder Failure and Success by Hiring First: A Field Experiment,” *Organization Science* 34, no. 1 (2022): 484–508.

[GO TO NOTE REFERENCE IN TEXT](#)

The Slack cofounders met: Mat Honan, “Remembering the Apple Newton’s Prophetic Failure and Lasting Impact,” *Wired*, August 5, 2013.

[GO TO NOTE REFERENCE IN TEXT](#)

Together, Henderson and Butterfield: “Talking Leadership, Failure, Side-Projects and Success with Cal Henderson,” *The Orbit Shift* podcast, season 1, episode 10, November 10, 2020, theorbitshift.com/2020/11/10/talking-leadership-failure-side-projects-and-success-with-cal-henderson.

[GO TO NOTE REFERENCE IN TEXT](#)

Andy Rachleff: Parsa Saljoughian, “7 Lessons from Andy Rachleff on Product-Market Fit,” *Medium*, May 11, 2017, medium.com/parsa-vc/7-lessons-from-andy-rachleff-on-product-market-fit-9fc5eceb4432.

[GO TO NOTE REFERENCE IN TEXT](#)

Steven Kaplan from the University of Chicago: Steven N. Kaplan, Berk A. Sensoy, and Per Strömberg, “Should Investors Bet on the Jockey or the Horse? Evidence from the Evolution of Firms from Early Business Plans to Public Companies,” *Journal of Finance* 64, no. 1 (2009): 75–115.

[GO TO NOTE REFERENCE IN TEXT](#)

Today it takes McDonald’s: “How Long Does It Take to Cook a Burger on the Grill?,” McDonald’s, May 21, 2018, mcdonalds.com/gb/en-gb/help/faq/how-long-does-it-take-to-cook-a-burger-on-the-grill.html.

[GO TO NOTE REFERENCE IN TEXT](#)

Think of Toyota’s legendary: “Toyota Production System,” Toyota Company Information, Vision and Philosophy, global.toyota/en/company/vision-and-philosophy/production-system.

[GO TO NOTE REFERENCE IN TEXT](#)

And consider Amazon: Justinas Baltrusaitis, “Amazon Hires 50,000 More Workers for 2021 Holiday Season Than in 2020,” *Finbold*, November 23, 2021.

[GO TO NOTE REFERENCE IN TEXT](#)

Frederick Taylor: For the history of Taylor’s principles, see, for example, David A. Hounshell, “The Same Old Principles in the New Manufacturing,” *Harvard Business Review*, November 1988. Taylor’s own book is still quite readable: Frederick Winslow Taylor, *The Principles of Scientific Management* (New York/London: Harper & Brothers, 1913).

[GO TO NOTE REFERENCE IN TEXT](#)

DVD format was quickly approaching: After hitting a high of \$16.3 billion in DVD sales in 2005, there was a 3 percent drop in 2006. In 2007, DVD sales actually rose by about half a percent. From 2007 to 2008, DVD sales slumped by 26 percent. Sarah Whitten, “The Death of the DVD: Why Sales Dropped More than 86% in 13 Years,” CNBC, November 8, 2019. And see “Hollywood Video Owner Files for Bankruptcy,” NBC News, February 3, 2010, [nbcnews.com/id/wbna35222092](https://www.nbcnews.com/id/wbna35222092); Eric Savitz, “Chicken Soup Completes Redbox Acquisition, Ending a Weird Meme-Stock Tale,” *Barron’s*, August 11, 2022; Robert Channick, “Redbox Rolls Out Streaming Video Service,” *Chicago Tribune*, December 13, 2017.

[GO TO NOTE REFERENCE IN TEXT](#)

Netflix is a rare example: “How Netflix Became the Leader in Original Content,” *Socialnomics*, December 5, 2018, socialnomics.net/2018/12/05/how-netflix-became-the-leader-in-original-content/.

[GO TO NOTE REFERENCE IN TEXT](#)

At the core, his idea: Bill Snyder, “Netflix Founder Reed Hastings: Make as Few Decisions as Possible,” Stanford Graduate School of Business, November 3, 2014, gsb.stanford.edu/insights/netflix-founder-reed-hastings-make-few-decisions-possible.

[GO TO NOTE REFERENCE IN TEXT](#)

“The horse was good”: John Hecht, “Netflix Chief Downplays Nielsen Plans to Measure Streaming Service Viewership,” *Hollywood Reporter*, November 24, 2014, hollywoodreporter.com/tv/tv-news/netflix-chief-downplays-nielsen-plans-751931.

[GO TO NOTE REFERENCE IN TEXT](#)

three winemakers from the US West Coast: James Laube, “Technique vs. Terroir,” *Wine Spectator*, October 2, 2013; Eric Stern, “The Cube Project: Challenging Assumptions About Terroir and Technique,” *Wine Business*, May 13, 2013; Dwight Furrow, “The Cube Project Demonstrates the Fragility of Terroir,” *Edible Arts*, October 3, 2013.

[GO TO NOTE REFERENCE IN TEXT](#)

Led by Robert Langer: Profile of Robert Langer, *Forbes*, forbes.com/profile/robert-langer/; “Professor Robert S. Langer,” MIT Langer Lab, langerlab.mit.edu/langer-bio; “Highly Cited Researchers 2023,” AD Scientific Index 2023, adscientificindex.com/scientist/robert-langer/1343674; “Case Study: Robert Langer,” History Associates Incorporated, February 10, 2021, lemelson.mit.edu/sites/default/files/2021-02/%20LMIT_Langer_CaseStudy.pdf; Lucas Tan, “Prof Who Went on to Co-Found Moderna Was Told to ‘Find Another Job’ After Pitching Drug Delivery Idea,” *The Straits Times* (Singapore), February 4, 2023, straitstimes.com/singapore/moderna-co-founder-told-to-find-another-job-after-pitching-vaccine-delivery-idea.

[GO TO NOTE REFERENCE IN TEXT](#)

Judah Folkman of Boston Children’s: Varun Saxena, “Robert Langer Talks Science, Business and How They Intersect,” *Fierce Pharma*, October 15, 2014, fiercepharma.com/partnering/robert-langer-talks-science-business-and-how-they-intersect.

[GO TO NOTE REFERENCE IN TEXT](#)

Most of his patents and businesses: Langer’s drug delivery method was instrumental to the foundation of mRNA vaccines. Laura Hood, “How Robert Langer, a Pioneer in Delivering mRNA into the Body, Failed Repeatedly but Kept Going: ‘They Said I Should Give Up, but I Don’t Like to

Give Up,’ ” *The Conversation*, April 26, 2022, theconversation.com/how-robert-langer-a-pioneer-in-delivering-mrna-into-the-body-failed-repeatedly-but-kept-going-they-said-i-should-give-up-but-i-dont-like-to-give-up-181417.

[GO TO NOTE REFERENCE IN TEXT](#)

Langer believed in Moderna’s potential: Zoe Corbyn, “Moderna Co-Founder Robert Langer: ‘I Wanted to Use My Chemical Engineering to Help People,’ ” *The Guardian*, March 12, 2022.

[GO TO NOTE REFERENCE IN TEXT](#)

Chapter 6: Agree to Disagree

An even more eye-opening result: Erica van de Waal, Christèle Borgeaud, and Andrew Whiten, “Potent Social Learning and Conformity Shape a Wild Primate’s Foraging Decisions,” *Science* 340, no. 6131 (2013): 483–85, [science.org/doi/10.1126/science.1232769](https://doi.org/10.1126/science.1232769); it includes videos with monkeys.

[GO TO NOTE REFERENCE IN TEXT](#)

A classic experiment, conducted back in the 1960s: B. Latané and J. Darley, “Group Inhibition of Bystander Intervention in Emergencies,” *Journal of Personality and Social Psychology* 10, no. 3 (November 1968): 215–21; see also “The Smoky Room Experiment: Trust Your Instincts,” Academy 4SC, academy4sc.org/video/the-smoky-room-experiment-trust-your-instincts.

[GO TO NOTE REFERENCE IN TEXT](#)

From our vantage point: We had a chance to observe only four teams out of ten in their rooms that day, glued to our screens and quickly taking notes. Fifteen minutes later, when we switched to the other six rooms—as you can guess by now—the decision was already made and the teams had either left the room or were discussing how they would present their proposal. We wish we had recorded all the teams’ discussions!

[GO TO NOTE REFERENCE IN TEXT](#)

a reaction to Hoffman’s: “David Sze Disagreed with Reid Hoffman’s Airbnb Investment,” *The Pitch* podcast, episode 8, December 7, 2020, 02:06, podclips.com/c/mRrrjC; see also “Reid Hoffman—Surprising Entrepreneurial Truths,” *The Jordan Harbinger Show*, episode 611, jordanharbinger.com/reid-hoffman-surprising-entrepreneurial-truths.

[GO TO NOTE REFERENCE IN TEXT](#)

We found that High IPO VC firms: Of every 100 High IPO VC firms, only 40 reported that they followed the unanimity rule, whereas 52 of 100 Low IPO VC firms followed this rule; Paul Gompers, William Gornall, Steven N. Kaplan, and Ilya A. Strebulaev, “How Do Venture Capitalists Make Decisions?,” *Journal of Financial Economics* 135, no. 1 (January 2020): 169–90.

[GO TO NOTE REFERENCE IN TEXT](#)

Consider the British broadcaster: Urme Khan, “BBC ‘Meeting Culture’ Stopping People Doing Jobs, Says Boss,” *The Telegraph*, April 1, 2010.

[GO TO NOTE REFERENCE IN TEXT](#)

At the Mattel toy company: Paul Ziobro, “Floundering Mattel Tries to Make Things Fun Again,” *Wall Street Journal*, December 22, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

The famous undefeated boxer Mike Tyson: It was Tyson's first defeat after thirty-seven victories, thirty-three of them by knockout. James Sterngold, "Tyson Loses World Title in a Stunning Upset," *New York Times*, February 11, 1990; Betswapgg, "Against the Grain: How Contrarian Betting Can Boost Your Sports Betting Payouts," *Medium*, March 8, 2023, medium.com/@Betswapgg/against-the-grain-how-contrarian-betting-can-boost-your-sports-betting-payouts-8780bf748cbc; Lee Cleveland, "Tyson vs Douglas Odds: Some Lost a Fortune," *FightSaga*, July 3, 2022, fightsaga.com/fightsaga/news/tyson-vs-douglas-odds-some-lost-big-money.

[GO TO NOTE REFERENCE IN TEXT](#)

The consensus is built: *Business Insider*, "RAY DIALO: You Have to Bet Against the Consensus and Be Right to Be Successful in the Markets," YouTube video, 3:27, September 22, 2017, youtube.com/watch?v=NovJFwpJSCI.

[GO TO NOTE REFERENCE IN TEXT](#)

John Maynard Keynes: David Chambers, "Keynes' Asset Management: King's College, 1921–1946: The British Origins of the US Endowment Model," Centre for Economic Policy Research, *Vox EU*, October 20, 2014, cepr.org/voxeu/columns/keynes-asset-management-kings-college-1921-1946-british-origins-us-endowment-model; Mark Johnston, "Keynes the Investor," *Econfix*, August 1, 2012, econfix.wordpress.com/2012/08/01/keynes-the-investor.

[GO TO NOTE REFERENCE IN TEXT](#)

Andy Rachleff, a cofounder: Clara Lindh Bergendorff, "On VC Non-Consensus, Outsized Returns, and Why I Won't Wear a Patagonia Vest," *Forbes*, March 8, 2020. The original idea is attributed to Howard Marks from Oaktree, who described this fact in a very similar matrix. Howard Marks, "I Beg to Differ," Oaktree, July 26, 2022, oaktrecapital.com/insights/memo/i-beg-to-differ.

[GO TO NOTE REFERENCE IN TEXT](#)

One revealing example from a corporate: "Enron's PRC: A Walk Down Memory Lane of a Symbol of Poor Governance," *People Matters*, April 29, 2018, peplematters.in/article/performance-management/enrons-prc-a-walk-down-memory-lane-of-a-symbol-of-poor-governance-18115.

[GO TO NOTE REFERENCE IN TEXT](#)

Clinton Free and Norman Macintosh: Clinton Free and Norman B. Macintosh, "Management Control Practice and Culture at Enron: The Untold Story," CAAA 2006 Annual Conference Paper, August 6, 2006, ssrn.com/abstract=873636.

[GO TO NOTE REFERENCE IN TEXT](#)

Ray Dalio insists: Cat Clifford, “Billionaire Ray Dalio: Here Are ‘the Most Valuable 3 Minutes of Thoughts That I Could Possibly Share,” CNBC, June 22, 2018, [cnbc.com/2018/06/22/ray-dalios-top-success-tip-listen-to-people-who-disagree-with-you.html](https://www.cnbc.com/2018/06/22/ray-dalios-top-success-tip-listen-to-people-who-disagree-with-you.html).

[GO TO NOTE REFERENCE IN TEXT](#)

General John Monash: John Monash, “War Letters of General Monash: Volume 1, 24 December 1914–4 March 1917,” Australian War Memorial, awm.gov.au/collection/C2077750?image=1.

[GO TO NOTE REFERENCE IN TEXT](#)

Investors review deals in small groups: Gompers, Gornall, Kaplan, and Strebulaev, “How Do Venture Capitalists.”

[GO TO NOTE REFERENCE IN TEXT](#)

Many companies have followed: “Two-Pizza Teams,” Amazon Web Services, docs.aws.amazon.com/whitepapers/latest/introduction-devops-aws/two-pizza-teams.html; Charles Wilkin, “Robert Sutton: ‘Do Your Team Meetings Pass the Two-Pizza Test?’” *Wired*, April 2014, wired.co.uk/article/team-meetings-two-pizza-test.

[GO TO NOTE REFERENCE IN TEXT](#)

When the leadership at Mattel changed: Ziobro, “Floundering Mattel.”

[GO TO NOTE REFERENCE IN TEXT](#)

Richard Hackman and Neil Vidmar: J. Richard Hackman and Neil Vidmar, “Effects of Size and Task Type on Group Performance and Member Reactions,” *Sociometry* 33, no. 1 (March 1970): 37–54.

[GO TO NOTE REFERENCE IN TEXT](#)

nine out of ten nurses confided: David Maxfield, Joseph Grenny, Ron McMillan, Kerry Patterson, and Al Switzler, “Silence Kills: The Seven Crucial Conversations in Healthcare,” *Vital Smarts*, 2011, hks.harvard.edu/sites/default/files/Academic%20Dean's%20Office/communications_program/workshop-materials/Moss_Article%20ref%20in%20Workshop%20Silence%20Kills.pdf.

[GO TO NOTE REFERENCE IN TEXT](#)

Kennedy took this principle: Robert F. Kennedy, *Thirteen Days: A Memoir of the Cuban Missile Crisis* (New York: W. W. Norton, 1969).

[GO TO NOTE REFERENCE IN TEXT](#)

Reading the transcripts of heated exchanges: Irving L. Janis, “Groupthink,” in *Readings in Managerial Psychology*, ed. Harold J. Leavitt, Louis R. Pondy, and David M. Boje (Chicago: University of Chicago Press, 1971). A more detailed discussion can be found in Morten Hansen, *Collaboration: How Leaders Avoid the Traps, Build Common Ground, and Reap Big Results* (Boston: Harvard Business Press, 2009).

[GO TO NOTE REFERENCE IN TEXT](#)

Pitted against the candidate’s advocate: Tim Brinkhof, “Devil’s Advocate Used to Be an Actual Job Within the Catholic Church,” *Big Think*, July 11, 2022, bigthink.com/high-culture/devil-advocate-catholic-church.

[GO TO NOTE REFERENCE IN TEXT](#)

venture firm a16z often designates: “Marc Andreessen,” *Tim Ferriss Show* podcast, episode 163, January 1, 2018, tim.blog/2018/01/01/the-tim-ferriss-show-transcripts-marc-andreessen/.

[GO TO NOTE REFERENCE IN TEXT](#)

When Warren Buffett contemplates: Aaron De Smet, Tim Koller, and Dan Lovallo, “Bias Busters: Getting Both Sides of the Story,” *McKinsey Quarterly*, September 4, 2019.

[GO TO NOTE REFERENCE IN TEXT](#)

That person’s role: For a detailed discussion of how the system works, see William Kaplan, *Why Dissent Matters: Because Some People See Things the Rest of Us Miss* (Montreal/Kingston: McGill-Queen’s University Press, 2017); an excerpt is available in “How Israeli Intelligence Failures Led to a ‘Devil’s Advocate’ Role,” *Toronto Star*, May 21, 2017, thestar.com/news/insight/how-israeli-intelligence-failures-led-to-a-devils-advocate-role/article_2189cca3-c059-5608-a666-40656f907534.html.

[GO TO NOTE REFERENCE IN TEXT](#)

popularized by Adam Grant: Adam Grant, *Originals: How Non-Conformists Move the World* (New York: Viking, 2016).

[GO TO NOTE REFERENCE IN TEXT](#)

Dollar Shave Club: “Shaving Start-Up Firm Bought by Unilever,” BBC Business, July 20, 2016, bbc.com/news/business-36791928.

[GO TO NOTE REFERENCE IN TEXT](#)

The now ubiquitous PowerPoint: Ian Parker, “Absolute PowerPoint,” *The New Yorker*, May 28, 2001; “Oral History of C. Richard ‘Dick’ Kramlich, Part 1,” interview by David C. Brock, March 31, 2015, Computer History Museum, archive.computerhistory.org/resources/access/text/2016/03/102740064-05-01-acc.pdf; Daniel Geller and Dayna Goldfine (dirs.), *Something Ventured*, Zeitgeist Films, 2011, video accessible at vimeo.com/105745528; Robert Gaskins, *Sweating Bullets: Notes About Inventing PowerPoint* (San Francisco/London: Vinland Books, 2012).

[GO TO NOTE REFERENCE IN TEXT](#)

Professor Andy Wu: Andy Wu, “Organizational Decision-Making and Information: Angel Investments by Venture Capital Partners,” working paper, November 10, 2015, accessible at dx.doi.org/10.2139/ssrn.2656896.

[GO TO NOTE REFERENCE IN TEXT](#)

At Founders Fund, partners: Dan Primack, “Peter Thiel’s Founders Fund Isn’t Really Peter Thiel’s Founders Fund,” *Axios*, February 19, 2020, axios.com/2020/02/19/peter-thiel-founders-fund.

[GO TO NOTE REFERENCE IN TEXT](#)

Some partnerships resist this tendency: Brandon Wales, “Getting to ‘Yes’: The Black Box of Venture Capital Decision Making,” *Headline*, May 6, 2020, headline.com/asia/en-us/post/getting-to-yes-the-black-box-of-venture-capital.

[GO TO NOTE REFERENCE IN TEXT](#)

Chapter 7: Double Down or Quit

“Venture capital is high-risk poker”: “Sequoia’s Michael Moritz: Venture Capital Is ‘High-Risk Poker,’” Bloomberg Originals, October 19, 2015, accessible at [youtube.com/watch?v=k8Qxk5p2xnE](https://www.youtube.com/watch?v=k8Qxk5p2xnE). The earliest reference to poker and VC we could find is in Fred Wilson, “The Poker Analogy,” AVC, November 17, 2004, [avc.com/2004/11/the_poker_analo](https://www.avc.com/2004/11/the_poker_analo).

[GO TO NOTE REFERENCE IN TEXT](#)

Chess and Go: Although in both of these games luck may determine who makes the first move, it does not matter overall, as the players alternate black and white positions between games.

[GO TO NOTE REFERENCE IN TEXT](#)

“Real life is not like that”: “6 Psychological Gains Playing Poker Can Give You,” *American Post*, March 7, 2023, americanpost.news/psychological-gains-playing-poker.

[GO TO NOTE REFERENCE IN TEXT](#)

His own poker skills: John von Neumann and Oskar Morgenstern, *Theory of Games and Economic Behavior* (1944; Princeton, NJ: Princeton University Press, 2007).

[GO TO NOTE REFERENCE IN TEXT](#)

A round of Texas Hold ’em: Until somebody calls, players also can “check” by passing the action but retaining the option to fold, raise, or bet again later in the same betting round.

[GO TO NOTE REFERENCE IN TEXT](#)

The players now possess: For a discussion, see Richard D. Harroch and Lou Krieger, *Poker for Dummies* (Hoboken, NJ: John Wiley & Sons, 2000).

[GO TO NOTE REFERENCE IN TEXT](#)

Many fascinating books: For example, see Maria Konnikova, *The Biggest Bluff: How I Learned to Pay Attention, Master Myself, and Win* (New York: Penguin Press, 2020); Annie Duke, *Thinking in Bets: Making Smarter Decisions When You Don’t Have All the Facts* (New York: Portfolio/Penguin, 2018). For a well-known blog post describing the analogy between poker and early-stage VC dating to 2004, Fred Wilson, November 17, 2004, “The Poker Analogy,” [avc.com/2004/11/the_poker_analo](https://www.avc.com/2004/11/the_poker_analo).

[GO TO NOTE REFERENCE IN TEXT](#)

poker players, who fold: Patrick Harvey, “When to Fold in Poker (Before and After the Flop),” Upswing Poker, July 7, 2021, upswingpoker.com/when-to-fold-in-poker-before-after-flop.

[GO TO NOTE REFERENCE IN TEXT](#)

Airbnb had already gained momentum: Eric Rosenbaum and Ellen Sheng, “Marriott Built Its Own ‘Airbnb’ Before Coronavirus Crashed Business Travel. Did It Help?,” CNBC, September 13, 2020, [cnbc.com/2020/09/13/marriott-built-its-airbnb-before-coronavirus-crash-did-it-help.html](https://www.cnbc.com/2020/09/13/marriott-built-its-airbnb-before-coronavirus-crash-did-it-help.html).

[GO TO NOTE REFERENCE IN TEXT](#)

Its bet earned Sequoia a seat: Cory Weinberg, “Airbnb’s Biggest IPO Winners,” *The Information*, December 7, 2020, theinformation.com/articles/airbnbs-biggest-ipo-winners.

[GO TO NOTE REFERENCE IN TEXT](#)

The first time the Airbnb founders: Brian Chesky, “How Much Money Did Airbnb Raise? What Is the Company’s Financing History?,” Quora, 2015, [quora.com/How-much-money-did-Airbnb-raise-What-is-the-companys-financing-history/answer/Brian-Chesky](https://www.quora.com/How-much-money-did-Airbnb-raise-What-is-the-companys-financing-history/answer/Brian-Chesky); Rebecca Aydin, “How 3 Guys Turned Renting Air Mattresses in Their Apartment into a \$31 Billion Company, Airbnb,” *Insider*, September 20, 2019.

[GO TO NOTE REFERENCE IN TEXT](#)

The valuation of the company: “AirBnB IPO: All You Need to Know,” Eqvista, January 6, 2021, eqvista.com/airbnb-ipo-all-you-need-to-know. Here and elsewhere, when we refer to the valuation of privately owned VC-backed companies, we are speaking of post-money valuation.

[GO TO NOTE REFERENCE IN TEXT](#)

In 2010, what started: Jenna Wortham, “Airbnb Raises Cash to Expand Budget-Travel Service,” *New York Times*, November 10, 2010.

[GO TO NOTE REFERENCE IN TEXT](#)

Series C. In February 2013: Jessica E. Lessin, “Thiel in Talks to Invest in Airbnb at \$2.5 Billion Valuation,” *Wall Street Journal*, October 19, 2012; Robert Lavine, “The Big Deal: Airbnb Checks in to \$10bn Club,” *Global Corporate Venturing*, August 10, 2014, globalventuring.com/corporate/the-big-deal-airbnb-checks-in-to-10bn-club. All the valuations mentioned here are post-money valuations reported in PitchBook and other sources.

[GO TO NOTE REFERENCE IN TEXT](#)

An average unicorn raises: Ilya Strebulaev, “How Many Rounds Do Startups Raise by the Time They Become a Unicorn?,” LinkedIn, June 2023, [linkedin.com/posts/ilyavcandpe_stanford-stanfordgsb-venturecapital-activity-7067499237495762945-RraZ](https://www.linkedin.com/posts/ilyavcandpe_stanford-stanfordgsb-venturecapital-activity-7067499237495762945-RraZ).

[GO TO NOTE REFERENCE IN TEXT](#)

“If you’re not embarrassed”: Reid Hoffman, Twitter post, March 29, 2017, twitter.com/reidhoffman/status/847142924240379904.

[GO TO NOTE REFERENCE IN TEXT](#)

“minimum lovable product”: Danny Sheridan, “June 16: Minimum Lovable Product,” Fact of the Day 1 (*Substack*), June 16, 2021, factoftheday1.com/p/june-16-minimum-lovable-product.

[GO TO NOTE REFERENCE IN TEXT](#)

“Option” refers to the idea: If you take a finance class, you will note the similarity with financial options, such as stock options. However, although options are all about rights and not obligations, the technical way in which options are usually taught does not convey the sense of flexibility on the part of the decision maker.

[GO TO NOTE REFERENCE IN TEXT](#)

Consider a16z’s investment: Riley McDermid, “Picplz 1, Instagram 0 as VC Firm Andreessen Horowitz Chooses Photo App Rival,” *VentureBeat*, November 11, 2010, venturebeat.com/entrepreneur/picplz-1-instagram-0-as-vc-firm-andreessen-horowitz-defects-to-photo-app-rival.

[GO TO NOTE REFERENCE IN TEXT](#)

Most drug candidates fail: Piet H. van der Graaf, “Probability of Success in Drug Development,” *Clinical Pharmacology & Therapeutics* 111, no. 5 (April 19, 2022): 983–85.

[GO TO NOTE REFERENCE IN TEXT](#)

Consider iron ore mining: Phoebe Sedgman and Jasmine Ng, “Iron Ore Seen Stabilizing by Biggest Shipper as Mines Shut Down,” *Bloomberg*, September 17, 2014, bloomberg.com/news/articles/2014-09-17/iron-ore-seen-stabilizing-by-australia-as-mine-closures-spread#xj4y7vzkg; Daniel Fitzgerald, “Iron Ore Mining Comeback in NT Sparks Environmental, Fishing and Cultural Concerns,” ABC News (Australia), September 17, 2018, abc.net.au/news/rural/2018-09-18/nt-iron-ore-mine-comeback-spark-environmental-fishing-concerns/10060256.

[GO TO NOTE REFERENCE IN TEXT](#)

Or consider Hollywood: James Jianxin Gong, S. Mark Young, and Wim A. Van der Stede, “Real Options in the Motion Picture Industry: Evidence from Film Marketing and Sequels,” *Contemporary Accounting Research* 28, no. 5 (Winter 2011): 1438–66.

[GO TO NOTE REFERENCE IN TEXT](#)

movie *My Big Fat Greek Wedding*: Kira Deshler, “The Untold Truth of *My Big Fat Greek Wedding*,” *Looper*, April 27, 2022, [looper.com/845207/the-untold-truth-of-my-big-fat-greek-wedding](https://www.looper.com/845207/the-untold-truth-of-my-big-fat-greek-wedding).

[GO TO NOTE REFERENCE IN TEXT](#)

Rob Hall: Jon Krakauer, *Into Thin Air* (New York: Villard, 1997).

[GO TO NOTE REFERENCE IN TEXT](#)

They began fixing the ropes: Juan Felipe Aegerter Alvarez, Aferdita Pustina, and Markus Hällgren, “Escalating Commitment in the Death Zone: New Insights from the 1996 Mount Everest Disaster,” *International Journal of Project Management* 29, no. 8 (December 2011): 971–85; Katie Serena, “Rob Hall Is Proof That It Doesn’t Matter How Experienced You Are—Everest Is Still a Deadly Climb,” *All That’s Interesting*, April 6, 2018, allthatsinteresting.com/rob-hall.

[GO TO NOTE REFERENCE IN TEXT](#)

“escalation of commitment”: Dustin J. Sleesman, Anna C. Lennard, Gerry McNamara, and Donald E. Conlon, “Putting Escalation of Commitment in Context: A Multilevel Review and Analysis,” *Academy of Management Annals* 12, no. 1 (2017).

[GO TO NOTE REFERENCE IN TEXT](#)

In poker, if a player: See, for example, Jan Simpson, “The Sunk Cost Fallacy in Poker,” *888 Poker*, November 6, 2022, 888poker.com/magazine/strategy/sunk-cost-fallacy-poker; Tchienerd, “Typical Beginner Mistakes,” *Pokerology*, July 4, 2023, pokerology.me/beginner-mistakes.

[GO TO NOTE REFERENCE IN TEXT](#)

Nick Leeson: Jason Rodrigues, “Barings Collapse at 20: How Rogue Trader Nick Leeson Broke the Bank,” *The Guardian*, February 24, 2015; Richard W. Stevenson, “Breaking the Bank: Big Gambles, Lost Bets Sank a Venerable Firm,” *The New York Times*, March 3, 1995.

[GO TO NOTE REFERENCE IN TEXT](#)

Personalization is key to this escalation: B. M. Staw, “Knee-Deep in the Big Muddy: A Study of Escalating Commitment to a Chosen Course of Action,” *Organizational Behavior and Human Performance* 16 (1976): 27–44; M. A. Davis and P. Bobko, “Contextual Effects on Escalation Processes in Public Sector Decision Making,” *Organizational Behavior and Human Decision Processes* 37, no. 1 (1986): 121–38.

[GO TO NOTE REFERENCE IN TEXT](#)

The first person to win: Another “millionaire” in 2001, known as “Coughing Major” Charles Ingram, turned out to be a fraud. That is a separate and intriguing story in itself.

[GO TO NOTE REFERENCE IN TEXT](#)

“Everyone’s baby is beautiful”: Jessica Mathews, “Lightspeed Formed a Re-Investment Team to Help the VC Prepare for a Downturn,” *Fortune*, July 20, 2022.

[GO TO NOTE REFERENCE IN TEXT](#)

James Ephrati: Gené Teare, “How Lightspeed Venture Partners Doubles Down,” *Crunchbase News*, September 26, 2022, news.crunchbase.com/venture/lightspeed-investment-strategy-alloy-tost-brze-ampl.

[GO TO NOTE REFERENCE IN TEXT](#)

Pixar developed the concept: “Lessons in Candour from Pixar’s Braintrust,” Destination Innovation, shortform.com/blog/pixar-braintrust.

[GO TO NOTE REFERENCE IN TEXT](#)

the wisdom of crowds: James Surowiecki, *The Wisdom of Crowds* (New York: Doubleday, 2004), chapter 1.

[GO TO NOTE REFERENCE IN TEXT](#)

Versatile Venture Capital: “Criteria,” Versatile VC, versatilevc.com/criteria.

[GO TO NOTE REFERENCE IN TEXT](#)

Ilya’s research has shown: Michael Ewens, Matthew Rhodes-Kropf, and Ilya A. Strebulaev, “Insider Financing and Venture Capital Returns,” Stanford University Graduate School of Business Research Paper No. 16-45, October 9, 2016, accessible at papers.ssm.com/sol3/papers.cfm?abstract_id=2849681.

[GO TO NOTE REFERENCE IN TEXT](#)

a large German electric utility, RWE: “A Case Study in Combating Bias,” *McKinsey Quarterly*, May 11, 2017.

[GO TO NOTE REFERENCE IN TEXT](#)

Be like Walmart: Arnab Shome, “Walmart to Launch New Fintech with Ribbit Capital Partnership,” *Finance Magnates*, December 1, 2021, financemagnates.com/fintech/news/walmart-to-launch-new-

[fintech-with-ribbit-capital-partnership.](#)

[GO TO NOTE REFERENCE IN TEXT](#)

Be like Alphabet: “Google’s Self-Driving Sister, Waymo, Gets First Outside Investors,” Reuters, March 3, 2020, accessible at auto.economictimes.indiatimes.com/news/aftermarket/googles-self-driving-sister-waymo-gets-first-outside-investors/74450729?redirect=1.

[GO TO NOTE REFERENCE IN TEXT](#)

At each stage, only about half: Will Gornall and Ilya A. Strebulaev, “A Valuation Model of Venture Capital-Backed Companies with Multiple Financing Rounds,” working paper, February 12, 2021, accessible at papers.ssrn.com/sol3/papers.cfm?abstract_id=3725240.

[GO TO NOTE REFERENCE IN TEXT](#)

Only about one of every sixty: Ilya Strebulaev, LinkedIn post, January 15, 2023, [linkedin.com/posts/ilyavcandpe_stanford-stanfordgsb-venturecapital-activity-7021853740760539136-jpgu](https://www.linkedin.com/posts/ilyavcandpe_stanford-stanfordgsb-venturecapital-activity-7021853740760539136-jpgu).

[GO TO NOTE REFERENCE IN TEXT](#)

As Marc Andreessen put it: Tren Griffin and Chris Dixon, “12 Things I Learned from Chris Dixon About Startups,” Andreessen Horowitz, January 18, 2015, a16z.com/2015/01/18/12-things-learned-from-chris-dixon-about-startups.

[GO TO NOTE REFERENCE IN TEXT](#)

when it introduced its McPlant burger: Felix Behr, “The Reason McDonald’s Has Stopped Serving Its Plant-Based Burger,” *Tasting Table*, August 3, 2022.

[GO TO NOTE REFERENCE IN TEXT](#)

Smith met with David Liddiment: Brian Viner, “Three Wise Men, a Star and a Miracle,” *Independent*, December 23, 1999.

[GO TO NOTE REFERENCE IN TEXT](#)

the launch of Prime Now: “Amazon Prime Experiences Another Record-Breaking Holiday Season,” Amazon press release, *Business Wire*, December 26, 2014, businesswire.com/news/home/20141226005033/en/Amazon-Prime-Experiences-Another-Record-Breaking-Holiday-Season.

[GO TO NOTE REFERENCE IN TEXT](#)

Prime Now was initially launched: Ben Fox Rubin, “Why Amazon Built a Warehouse Inside a Midtown Manhattan Office Tower,” *CNET*, December 21, 2015, cnet.com/tech/services-and-software/why-amazon-built-a-warehouse-inside-a-midtown-manhattan-office-tower; Ángel González, “For Amazon Exec Stephanie Landry, the Future Is Now,” *Seattle Times*, May 21, 2016.

[GO TO NOTE REFERENCE IN TEXT](#)

Not surprisingly, according to a recent report: Brian Solis, Jerome Buvat, Subrahmanyam KVJ, and Rishi Raj Singh, “The Innovation Game: Why and How Businesses Are Investing in Innovation Centers,” Capgemini Consulting and Altimeter, 2015, capgemini.com/consulting/wp-content/uploads/sites/30/2017/07/innovation_center_v14.pdf.

[GO TO NOTE REFERENCE IN TEXT](#)

The Google X moonshot factory: Astro Teller, “The Unexpected Benefit of Celebrating Failure,” TED Talk, February 2016, ted.com/talks/astro_teller_the_unexpected_benefit_of_celebrating_failure/transcript; Astro Teller, “The Secret to Moonshots? Killing Our Projects” (adapted from 2016 TED Talk), *Wired*, February 16, 2016, wired.com/2016/02/the-secret-to-moonshots-killing-our-projects/; “Watch How Google X Employees Deal with Failure: An Inside Look at the Inner-Workings of Google’s Top-Secret Research Lab,” *Fast Company*, April 15, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

First, ideas are investigated: Astro Teller, “A Peek Inside the Moonshot Factory Operating Manual,” *Medium*, July 23, 2016, blog.x.company/a-peek-inside-the-moonshot-factory-operating-manual-f5c33c9ab4d7.

[GO TO NOTE REFERENCE IN TEXT](#)

Foundry leader Obi Felten: Obi Felten, “How to Kill Good Things to Make Room for Truly Great Ones,” *Medium*, March 9, 2016, blog.x.company/how-to-kill-good-things-to-make-room-for-truly-great-ones-867fb6ef026.

[GO TO NOTE REFERENCE IN TEXT](#)

Chapter 8: Make the Pie Bigger

Zaccaria Stagnario: Diego Puga and Daniel Trefler, “International Trade and Institutional Change: Medieval Venice’s Response to Globalization,” *Quarterly Journal of Economics* (2014): 753–821; Ellen Kittell and Thomas Madden eds., *Medieval and Renaissance Venice* (Urbana/Chicago: University of Illinois Press, 1999), chapter 1; Clayton M. Christensen, Efosa Ojomo, and Karen Dillon, “How We Build National Institutions Plays a Crucial Role in Ensuring Prosperity for Developing Nations,” *Quartz*, January 15, 2019, qz.com/africa/1523669/clayton-christensen-develop-national-institutions-for-prosperity.

[GO TO NOTE REFERENCE IN TEXT](#)

The sperm whale–hunting business: Lance E. Davis, Robert E. Gallman, and Karin Gleiter, *In Pursuit of Leviathan: Technology, Institutions, Productivity, and Profits in American Whaling, 1816–1906* (Chicago: University of Chicago Press, 1997), chapter 10; “How Much Did Things Cost in 1850’s USA?,” Another Androsphere Blog, March 14, 2013, anotherandrosphereblog.blogspot.com/2013/03/how-much-did-things-cost-in-1850s-usa.html.

[GO TO NOTE REFERENCE IN TEXT](#)

An estimated one-third: Lance Davis, Robert E. Gallman, and Teresa Hutchins, “Productivity in American Whaling: The New Bedford Fleet in the Nineteenth Century,” Working Paper 2477, *National Bureau of Economic Research*, December 1987, nber.org/papers/w2477.

[GO TO NOTE REFERENCE IN TEXT](#)

owners of capital and “all hands”: Tom Nicholas, *VC: An American History* (Cambridge, MA: Harvard University Press, 2019); see also Tom Nicholas and Jonas Peter Atkins, “Whaling Ventures,” Harvard Business School Case 813-086, October 2012, revised February 2019, hbs.edu/faculty/Pages/item.aspx?num=43322.

[GO TO NOTE REFERENCE IN TEXT](#)

Whales were divided up: Davis, Gallman, and Gleiter, *In Pursuit of Leviathan*; “Whales and Hunting,” New Bedford Whaling Museum, whalingmuseum.org/learn/research-topics/whaling-history/whales-and-hunting.

[GO TO NOTE REFERENCE IN TEXT](#)

This management fee does not depend: This is a simplification, as in later years of VC funds the fee is often the percentage of the assets under management. Also, the fee may deviate from 2 percent or could change over the VC fund horizon.

[GO TO NOTE REFERENCE IN TEXT](#)

The term “carried interest”: Paul Solman, “Is Carried Interest Simply a Tax Break for the Ultra Rich?,” *PBS News Hour*, October 29, 2015, [pbs.org/newshour/economy/carried-interest-simply-tax-break-ultra-rich](https://www.pbs.org/newshour/economy/carried-interest-simply-tax-break-ultra-rich); Vladimir V. Korobov, “Carried Interest: What It Represents and How to Value It and Why,” Marcum Accountants and Advisors, November 7, 2019, [marcumllp.com/insights/carried-interest-what-it-represents-and-how-to-value-it-and-why](https://www.marcumllp.com/insights/carried-interest-what-it-represents-and-how-to-value-it-and-why).

[GO TO NOTE REFERENCE IN TEXT](#)

Australian researchers invited participants: C. Bram Cadsby, Fei Song, and Francis Tapon, “Sorting and Incentive Effects of Pay for Performance: An Experimental Investigation,” *Academy of Management Journal* 50, no. 2 (April 2007): 387–405.

[GO TO NOTE REFERENCE IN TEXT](#)

Sue Fernie and David Metcalf: Sue Fernie and David Metcalf, “It’s Not What You Pay, It’s the Way That You Pay It and That’s What Gets Results: Jockeys’ Pay and Performance,” *Labour* 13, no. 2 (June 1999): 385–411.

[GO TO NOTE REFERENCE IN TEXT](#)

Twitter’s IPO: Peter Delevett, “2013: Twitter’s IPO Means 1,600 New Millionaires—and More Good News for Silicon Valley,” *Mercury News*, November 8, 2013.

[GO TO NOTE REFERENCE IN TEXT](#)

Arthur Rock, son of a Russian immigrant: Owen Edwards, “Legends: Arthur Rock,” *Forbes*, June 1, 1998; Sally Smith Hughes, interview with Arthur Rock, “Early Bay Area Venture Capitalists: Shaping the Economic and Business Landscape,” Regional Oral History Office, University of California, 2009, digitalassets.lib.berkeley.edu/roho/ucb/text/rock_arthur.pdf.

[GO TO NOTE REFERENCE IN TEXT](#)

Fairchild was a big shot: Fairchild, “The 50th Year Photo Album,” accessible at web.archive.org/web/20160303174538/http://corphist.computerhistory.org/corphist/documents/doc-473a252347d41.pdf?PHPSESSID=ccd241; “Fairchild Lunar Mapping Camera System Scrapbook Hutchins,” NASM.2015.0048, National Air and Space Museum, Smithsonian Institution, airandspace.si.edu/collection-archive/fairchild-lunar-mapping-camera-system-scrapbook-hutchins/sova-nasm-2015-0048; “Sherman Mills Fairchild,” accessible at web.archive.org/web/20191118003924/http://www.bcwarbirds.com/sherman_fairchild_bio.htm.

[GO TO NOTE REFERENCE IN TEXT](#)

Fairchild sensed that big ideas: Leslie Berlin, *The Man Behind the Microchip: Robert Noyce and the Invention of Silicon Valley* (New York: Oxford University Press, 2005), 89; Joseph Blasi, Douglas

Kruse, and Aaron Bernstein, *In the Company of Owners: The Truth About Stock Options (and Why Every Employee Should Have Them)* (New York: Basic Books, 2003).

[GO TO NOTE REFERENCE IN TEXT](#)

His and Rock's intuitions: Legally, Fairchild Semiconductor was a division of Fairchild Camera; the strong results of Fairchild Camera are attributed to a semiconductor's growth divisions. See Leslie R. Berlin, "Robert Noyce and Fairchild Semiconductor, 1957–1968," *Business History Review* 75, no. 1 (2001): 63–101.

[GO TO NOTE REFERENCE IN TEXT](#)

These eight founders: David Laws, "Fairchild, Fairchildren, and the Family Tree of Silicon Valley," Computer History Museum, December 20, 2016, computerhistory.org/blog/fairchild-and-the-fairchildren; Berlin, *The Man Behind the Microchip*, 134.

[GO TO NOTE REFERENCE IN TEXT](#)

Intel, founded by two: Hughes, interview with Arthur Rock.

[GO TO NOTE REFERENCE IN TEXT](#)

Today, Intel still grants stock: To be precise, Intel grants RSUs (restricted stock units). "Intel Corporation Restricted Stock Unit Agreement Under the 2021 Inducement Plan (For Relative TSR Performance-Based RSUs)," JUSTIA, accessed July 2023, contracts.justia.com/companies/intel-694/contract/174133.

[GO TO NOTE REFERENCE IN TEXT](#)

A group of McKinsey researchers: "A Bias Against Investment?," *McKinsey Quarterly*, September 1, 2011; see also Dan Lovallo, Tim Koller, Robert Uhlener, and Daniel Kahneman, "Your Company Is Too Risk-Averse," *Harvard Business Review Magazine*, March–April 2020.

[GO TO NOTE REFERENCE IN TEXT](#)

Of the twenty-eight academic studies: Sari Pekkala Kerr, William R. Kerr, and Tina Xu, "Personality Traits of Entrepreneurs: A Review of Recent Literature," Working Paper 24097, National Bureau of Economic Research, December 2017: "In a meta-analysis of 14 studies, Stewart and Roth (2001) find that the risk propensity of entrepreneurs is greater than that of managers. This conclusion is challenged, for example, by Miner and Raju (2004), who present data from 14 other studies that used projective techniques to measure risk preferences rather than self-report measures."

[GO TO NOTE REFERENCE IN TEXT](#)

Consider the \$5 million outcome: The reality is a bit more complicated, as VC contracts are less trivial than the example suggests, but the intuition portrayed here holds generally.

[GO TO NOTE REFERENCE IN TEXT](#)

The contracts between venture investors and founders: Technically, such a payoff structure is called a long position in a call option.

[GO TO NOTE REFERENCE IN TEXT](#)

a study of more than 1,800 managers: Oriana Bandiera, Luigi Guiso, Andrea Prat, and Raffaella Sadun, “Matching Firms, Managers, and Incentives,” 2010, www0.gsb.columbia.edu/faculty/aprat/papers/managers.pdf.

[GO TO NOTE REFERENCE IN TEXT](#)

the city of Hanoi: Michael G. Vann, “Of Rats, Rice, and Race: The Great Hanoi Rat Massacre, an Episode in French Colonial History,” *French Colonial History* 4 (2003): 191–204.

[GO TO NOTE REFERENCE IN TEXT](#)

Singapore: Yahoo Lifestyle Singapore, “Singapore Is Voted the Cleanest and Greenest City in the World, According to *Time Out* Survey,” *Yahoo News*, September 13, 2021, news.yahoo.com/singapore-is-voted-the-cleanest-and-greenest-city-in-the-world-according-to-time-out-survey-073032402.html; Kiki Streets, “Is Chewing Gum Against the Law in Singapore?,” *World Atlas*, April 25, 2017, worldatlas.com/articles/singapore-laws-to-know-before-you-get-there.html.

[GO TO NOTE REFERENCE IN TEXT](#)

Or consider AT&T: Canice Prendergast, “The Provision of Incentives in Firms,” *Journal of Economic Literature* 37, no. 1 (March 1999): 7–63; “A Fair Day’s Pay,” *The Economist*, May 6, 1999.

[GO TO NOTE REFERENCE IN TEXT](#)

the home mortgage originator Countrywide: “Manhattan U.S. Attorney Sues Bank of America for over \$1 billion for Multi-Year Mortgage Fraud Against Government Sponsored Entities Fannie Mae and Freddie Mac,” US Attorney’s Office, Southern District of New York, press release, October 24, 2012, justice.gov/archive/usao/nys/pressreleases/October12/BankofAmericanSuit.php.

[GO TO NOTE REFERENCE IN TEXT](#)

As Sears found out: Lawrence M. Fisher, “Sears Auto Centers Halt Commissions After Flap,” *New York Times*, June 23, 1992.

[GO TO NOTE REFERENCE IN TEXT](#)

Wells Fargo learned this lesson: Elizabeth C. Tippet, “How Wells Fargo Encouraged Employees to Commit Fraud,” *The Conversation*, October 7, 2016, theconversation.com/how-wells-fargo-encouraged-employees-to-commit-fraud-66615.

[GO TO NOTE REFERENCE IN TEXT](#)

the “single large prize”: Joshua Graff Zivin and Elizabeth Lyons, “The Effects of Prize Structures on Innovative Performance,” Working Paper 26737, National Bureau of Economic Research, February 2020, nber.org/system/files/working_papers/w26737/w26737.pdf.

[GO TO NOTE REFERENCE IN TEXT](#)

As Professor Alex Edmans has shown: Alex Edmans, *Grow the Pie: How Great Companies Deliver Both Purpose and Profit* (Cambridge: Cambridge University Press, 2020).

[GO TO NOTE REFERENCE IN TEXT](#)

Franklin founded the first franchisee system: “Franchise and Retirement from Printing,” Benjamin Franklin Historical Society, [web.archive.org/web/20170224211649/http://www.benjamin-franklin-history.org/franchise-and-retirement-from-printing/](http://www.benjamin-franklin-history.org/franchise-and-retirement-from-printing/).

[GO TO NOTE REFERENCE IN TEXT](#)

interesting study of the real estate industry: Ronald Rutherford, Thomas Springer, and Abdullah Yavas, “Conflicts Between Principals and Agents: Evidence from Residential Brokerage,” *Journal of Financial Economics* 76, no. 3 (2005): 627–65.

[GO TO NOTE REFERENCE IN TEXT](#)

Starbucks introduced “bean stocks”: Samantha Sharf, “Why Starbucks Pays Its Baristas with Stock: A Beginners’ Guide to Company Stock,” *Forbes*, March 18, 2015.

[GO TO NOTE REFERENCE IN TEXT](#)

KKR bought C.H.I.: “Case Study: C.H.I. Overhead Doors,” Ownership Works, ownershipworks.org/chi-overhead-doors; Kirk Falconer, “Deal of the Year: KKR’s Exit of CHI Overhead Doors,” *Buyouts*, April 2, 2023, buyoutsinsider.com/deal-of-the-year-kkrs-exit-of-chi-overhead-doors.

[GO TO NOTE REFERENCE IN TEXT](#)

Since introducing the new incentive: Pete M. Stavros, “Incentivizing Employees and Creating Value,” KKR Investor Day, 2018, accessible at youtube.com/watch?v=et8T5s-To0Q.

[GO TO NOTE REFERENCE IN TEXT](#)

In 2022, KKR: “CHI Overhead Doors Employees Reap Cash Reward Following Nucor Deal,” CNBC, May 17, 2022, accessible at [youtube.com/watch?v=0zeExiZ4Bb4](https://www.youtube.com/watch?v=0zeExiZ4Bb4).

[GO TO NOTE REFERENCE IN TEXT](#)

Hourly employees received on average: Miriam Gottried, “KKR to Sell CHI Overhead Doors to Nucor, Generating Windfall for Itself and Employees,” *Wall Street Journal*, May 16, 2022.

[GO TO NOTE REFERENCE IN TEXT](#)

a “1000 to 1001” challenge: Peter Thiel with Blake Masters, *Zero to One: Notes on Startups, or How to Build the Future* (New York: Crown Business, 2014).

[GO TO NOTE REFERENCE IN TEXT](#)

Waymo, a driverless car subsidiary: Alistair Barr and Mark Bergen, “One Reason Staffers Quit Google’s Car Project? The Company Paid Them So Much,” *Bloomberg*, February 13, 2017, [bloomberg.com/news/articles/2017-02-13/one-reason-staffers-quit-google-s-car-project-the-company-paid-them-so-much?sref=PF9CBsza](https://www.bloomberg.com/news/articles/2017-02-13/one-reason-staffers-quit-google-s-car-project-the-company-paid-them-so-much?sref=PF9CBsza). The Waymo example also shows how phantom shares can backfire due to too big a success. Waymo employees were paid bonuses based on their equity stake in Waymo, before the “exit.” For some of them, the bonuses were so large that they quit their jobs.

[GO TO NOTE REFERENCE IN TEXT](#)

Charlie Ayers: Jillian D’Onfro, “Here’s the Decadent Meal That Won Over Google’s Early Employees and Persuaded Them to Hire Their First Chef,” *Business Insider India*, October 9, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

David Choe: Nick Bilton and Evelyn M. Rusli, “From Founders to Decorators, Facebook Riches,” *New York Times*, February 1, 2012.

[GO TO NOTE REFERENCE IN TEXT](#)

“McDonald’s has made more millionaires”: George F. Will, “Lovin’ It All,” *Washington Post*, December 27, 2007.

[GO TO NOTE REFERENCE IN TEXT](#)

Only 15 to 20 percent of the shares: Ilya Levtoov, “How Much Equity Do Founders Have When Their Company IPOs?,” *Priceonomics*, December 8, 2016, [priceonomics.com/how-much-equity-do-founders-have-when-their/](https://www.priceonomics.com/how-much-equity-do-founders-have-when-their/).

[GO TO NOTE REFERENCE IN TEXT](#)

Lyft, Box, and Pandora: Lyft: Paul R. La Monica, “Here’s Who Will Get Rich from the Lyft IPO,” CNN Business, March 29, 2019, edition.cnn.com/2019/03/29/tech/lyft-investors-ipo/index.html; Box: Ben Kepes, “Box’s IPO, Revenue/Expenditure Mismatches and the Cult of ‘Growth at All Costs,’” *Forbes*, March 24, 2014; Pandora: Nicole Perloth, “Pandora Files for IPO, Reveals Founder Owns Less Than 3%,” *Forbes*, February 11, 2011.

[GO TO NOTE REFERENCE IN TEXT](#)

Chapter 9: Great Things Take Time

Toddie Lee Wynne: Pam Stranahan, “When Were Towns on Matagorda Island? Part II: Barrier Islands,” History Center for Aransas County, theachistorycenter.com/history-mystery-1/when-were-towns-on-matagorda-island%3F.

[GO TO NOTE REFERENCE IN TEXT](#)

After multiple delays, in the late afternoon: Alan Peppard, “Islands of the Oil Kings, Part 3: Reach for the Stars,” *Dallas Morning News*, December 18, 2014, res.dallasnews.com/interactives/oilkings/part3/.

[GO TO NOTE REFERENCE IN TEXT](#)

“We’re not sure what happened”: “ ‘Welcome to the Rocket Business’: Private Rocket Destroyed in Test-Firing Explosion,” UPI, August 5, 1981, upi.com/Archives/1981/08/05/Welcome-to-the-rocket-business-Private-rocket-destroyed-in-test-firing-explosion/7158365832000.

[GO TO NOTE REFERENCE IN TEXT](#)

It was the year 1981: “The Launch of Conestoga 1, Space Services Inc. of America, September 9, 1982,” Celestis, celestis.com/about/conestoga-1/; Dan Balz, “Commercial Rocket Explodes on Pad During Test in Texas,” *Washington Post*, August 6, 1981; Stephen Harrigan, “Mr. Hannah’s Rocket,” *Texas Monthly*, November 1982; Michael A. G. Michaud, *Reaching for the High Frontier* (New York: Praeger, 1986), chapter 12; Tom Richman, “The Wrong Stuff,” *Inc.*, July 1, 1982; UPI, “Welcome to the Rocket Business.”

[GO TO NOTE REFERENCE IN TEXT](#)

Twenty-five years later: Braddock Gaskill, “Elon Musk/SpaceX Interview, Part 1,” *NSF*, July 28, 2006, nasaspaceflight.com/2006/07/elon-muskspacex-interview-part-1; Brian Berger, “Falcon 1 Failure Traced to a Busted Nut,” *Space.com*, July 19, 2006, space.com/2643-falcon-1-failure-traced-busted-nut.html.

[GO TO NOTE REFERENCE IN TEXT](#)

SpaceX’s third attempt: Stephen Clark, “Falcon 1 to Launch Today,” *Spaceflight Now*, August 2, 2008, spaceflightnow.com/falcon/003/preview.html; Jeremy Hsu, “Strike Three for SpaceX’s Falcon 1 Rocket,” *NBC News*, August 3, 2008, nbcnews.com/id/wbna25990806.

[GO TO NOTE REFERENCE IN TEXT](#)

The day after the third failed attempt: Anthony Ha, “Private Rocket Company SpaceX Gets \$20m from the Founders Fund,” *VentureBeat*, August 6, 2009, venturebeat.com/business/private-rocket-

[company-spacex-gets-20m-from-the-founders-fund/](#).

[GO TO NOTE REFERENCE IN TEXT](#)

“The fourth launch...was the last money”: Catherine Clifford, “9 Years Ago SpaceX Nearly Failed Itself Out of Existence: ‘It Is a Pretty Emotional Day,’ Says Elon Musk,” CNBC, September 29, 2017, [cnbc.com/2017/09/29/elon-musk-9-years-ago-spacex-nearly-failed-itself-out-of-existence.html](#).

[GO TO NOTE REFERENCE IN TEXT](#)

SpaceX opened the whole new era: Patrick Kariuki, “SpaceX vs. Virgin Galactic vs. Blue Origin: What Are the Differences?,” *Make Use Of*, November 30, 2021, [makeuseof.com/spacex-virgin-galactic-blue-origin-differences](#).

[GO TO NOTE REFERENCE IN TEXT](#)

Among the remnants of 320 people: John Zarella and Tom Cohen, “Ashes of ‘Star Trek’ Actor on Private Rocket,” CNN, May 25, 2012, [edition.cnn.com/2012/05/24/showbiz/spacex-scottys-ashes/index.html](#).

[GO TO NOTE REFERENCE IN TEXT](#)

“Everybody pooh-poohed SpaceX”: Ed Browne, “Bill Nelson: Everybody Pooh-Poohed SpaceX. Look at Them Now,” *Newsweek*, September 12, 2022.

[GO TO NOTE REFERENCE IN TEXT](#)

Musk admitted how extremely risky: Elon Musk, Twitter post, September 19, 2020, [twitter.com/elonmusk/status/1307356512411672578](#).

[GO TO NOTE REFERENCE IN TEXT](#)

its founder, Don Valentine: Connie Loizos, “Don Valentine, Who Founded Sequoia Capital, Has Died at Age 87,” *TechCrunch*, October 26, 2019; “Our History,” Sequoia, [sequoiacap.com/our-history](#).

[GO TO NOTE REFERENCE IN TEXT](#)

the largest, oldest, and tallest trees: Soumya Karlamangla, “California Is Home to the Tallest, Largest and Oldest Trees in the World,” *New York Times*, October 21, 2022; Ivana Simic, “Hyperion—the World’s Tallest Tree,” *Tales by Trees*, December 22, 2017, [talesbytrees.com/hyperion-the-worlds-tallest-tree](#); “Measurement of Hyperion, the Tallest Tree in the World,” *Monumental Trees*, [monumentaltrees.com/en/trees/coastredwood/video](#).

[GO TO NOTE REFERENCE IN TEXT](#)

Wildfires can be devastating: “Why the Giant Sequoia Needs Fire to Grow,” *Nature* on PBS, March 14, 2017, accessible at [youtube.com/watch?v=lmNZGr9Udx8](https://www.youtube.com/watch?v=lmNZGr9Udx8).

[GO TO NOTE REFERENCE IN TEXT](#)

“The little fellow is the best customer”: “Bank of America: The Humble Beginnings of a Large Bank,” available at [occ.treas.gov/about/who-we-are/history/1866-1913/1866-1913-bank-of-america.html](https://www.occ.treas.gov/about/who-we-are/history/1866-1913/1866-1913-bank-of-america.html)

[GO TO NOTE REFERENCE IN TEXT](#)

Some of Giannini’s bets: Felice Bonadio, “A. P. Giannini and the Bank of Italy: California’s Mixed Multitudes,” *International Migration Review* 27, no. 2 supplement (1993): 107–123, onlinelibrary.wiley.com/doi/pdf/10.1111/j.2050-411X.1993.tb00085.x.

[GO TO NOTE REFERENCE IN TEXT](#)

Giannini even financed William Hewlett: Steve Forbes, “What Can We Learn from America’s Greatest Banker?,” *Forbes*, November 2, 2016.

[GO TO NOTE REFERENCE IN TEXT](#)

Bill Gurley of Benchmark: Bill Gurley, Twitter post, June 21, 2022, twitter.com/bgurley/status/1539024219010240512?lang=en.

[GO TO NOTE REFERENCE IN TEXT](#)

investor Fabrice Grinda: Fabrice Grinda, “Winter Is Coming!,” November 18, 2022, fabricegrinda.com/winter-is-coming.

[GO TO NOTE REFERENCE IN TEXT](#)

As Sheryl Sandberg said: Sandberg’s Harvard Business School Speech to the Class of 2012, accessible at [youtube.com/watch?v=2Db0_RafutM](https://www.youtube.com/watch?v=2Db0_RafutM), 5:28.

[GO TO NOTE REFERENCE IN TEXT](#)

Unicorns: Bart Eshwar, “The Crazy Story Behind the Creation of the Term ‘Unicorn,’” *OfficeChai*, October 18, 2016, officechai.com/startups/origin-of-the-term-unicorn; Aileen Lee, “Welcome to the Unicorn Club: Learning from Billion-Dollar Startups,” *TechCrunch*, November 2, 2013, techcrunch.com/2013/11/02/welcome-to-the-unicorn-club. In defining a unicorn, a post-money valuation is used.

[GO TO NOTE REFERENCE IN TEXT](#)

Or more informally, they are stuck: VCs do not generally participate in the sporadic secondary trading that has arisen in the past several years, because the amounts exchanged on these secondary platforms tend to be very small. Sometimes, VC funds do partially sell their stakes to their peers in secondary transactions. Some smaller VC funds and angel investors tend to do it more often.

[GO TO NOTE REFERENCE IN TEXT](#)

Among all the unicorns that have gone public: Will Gornall and Ilya A. Strebulaev, “Squaring Venture Valuations with Reality,” *Journal of Financial Economics* 135, no. 1 (January 2020): 120–43.

[GO TO NOTE REFERENCE IN TEXT](#)

The silver lining is the average unicorn valuation: Gornall and Strebulaev, “Squaring Venture Valuations with Reality.”

[GO TO NOTE REFERENCE IN TEXT](#)

Amazon founder Jeff Bezos: Ruth Umoh, “Amazon CEO Jeff Bezos: Focusing on the Present Is No Way to Run a Business,” CNBC, April 27, 2018, [cnbc.com/2018/04/26/why-amazon-ceo-jeff-bezos-doesnt-focus-on-the-present.html](https://www.cnbc.com/2018/04/26/why-amazon-ceo-jeff-bezos-doesnt-focus-on-the-present.html).

[GO TO NOTE REFERENCE IN TEXT](#)

It took more than sixty-five years for electricity: Max Roser, Hannah Ritchie, and Edouard Mathieu, “Technological Change,” Our World in Data, ourworldindata.org/technology-adoption; Diego Comin and Bart Hobijn, “An Exploration of Technology Diffusion,” *American Economic Review* 100 (December 2010): 2031–59.

[GO TO NOTE REFERENCE IN TEXT](#)

The telephone was a luxury: K.N.C., G.S., and P.K., “Happy Birthday World Wide Web,” *The Economist*, March 12, 2014.

[GO TO NOTE REFERENCE IN TEXT](#)

And only half a dozen years later: Jake Chapman, “Driving the New American Century,” *TechCrunch*, March 12, 2016, techcrunch.com/2016/03/12/driving-the-new-american-century.

[GO TO NOTE REFERENCE IN TEXT](#)

skepticism is better than hubris: Michigan Savings Bank president quote via the Quote Investigator, July 17, 2021, quoteinvestigator.com/2021/07/17/auto-fad; Riggio quote from Warren St. John, “Barnes & Noble’s Epiphany,” *Wired*, June 1, 1999; Ballmer quote from Ina Fried, “These

People Thought the iPhone Was a Dud When It Was Announced 10 Years Ago,” *Vox*, January 9, 2017; Smith quote from “Logistics Needs a Shake-up: Surging Demand Requires New Distribution Methods,” *The Economist*, October 26, 2017.

[GO TO NOTE REFERENCE IN TEXT](#)

Davide Oldani, the chef-owner: Gary P. Pisano, Alessandro Di Fiore, Elena Corsi, and Elisa Farri, “Chef Davide Oldani and Ristorante D’O,” Harvard Business Review Case 613-080, January 2013, hbs.edu/faculty/Pages/item.aspx?num=44165.

[GO TO NOTE REFERENCE IN TEXT](#)

Then the tide turned: Stuart Dredge, “MySpace—What Went Wrong: ‘The Site Was a Massive Spaghetti-Ball Mess,’” *The Guardian*, March 6, 2015.

[GO TO NOTE REFERENCE IN TEXT](#)

“Delete Your Account”: Jay Babcock, “January 30 Is International Delete Your MySpace Account Day,” *Arthur*, January 22, 2008, arthurmag.com/2008/01/22/january-30th-is-international-delete-your-myspace-account-day.

[GO TO NOTE REFERENCE IN TEXT](#)

The CEO who said he would be surprised: Peter Kafka, “Did Murdoch Cut News Corp.’s Internet Goals?,” *Business Insider*, October 18, 2007.

[GO TO NOTE REFERENCE IN TEXT](#)

Soon enough, MySpace failed: Jennifer Saba, “News Corp Sells MySpace, Ending Six-Year Saga,” Reuters, June 29, 2011, reuters.com/article/us-newscorp-myspace/news-corp-sells-myspace-ending-six-year-saga-idUSTRE75S6D720110629.

[GO TO NOTE REFERENCE IN TEXT](#)

“The boss said we have to make”: Dredge, “MySpace—What Went Wrong.”

[GO TO NOTE REFERENCE IN TEXT](#)

The deal with Google required: Yinka Adegoke, “How MySpace Went from the Future to a Failure,” NBC News, April 8, 2011, nbcnews.com/id/wbna42475503.

[GO TO NOTE REFERENCE IN TEXT](#)

Geoff Yang, a Redpoint partner: Dan Primack, “The VC Who Wanted MySpace Back,” *Fortune*, July 1, 2011.

[GO TO NOTE REFERENCE IN TEXT](#)

The average tenure of large US companies' CEOs: James M. Citrin, Claudius A. Hildebrand, and Robert J. Stark, "The CEO Life Cycle," *Harvard Business Review*, November–December 2019, hbr.org/2019/11/the-ceo-life-cycle; Matteo Tonello and Jason Schoetzer, "CEO Succession Practices in the Russell 3000 and S&P 500," Harvard Law School Forum on Corporate Governance, January 15, 2021, corpgov.law.harvard.edu/2021/01/15/ceo-succession-practices-in-the-russell-3000-and-sp-500.

[GO TO NOTE REFERENCE IN TEXT](#)

Almost four out of five: Mark J. Roe, "The Imaginary Problem of Corporate Short-Termism," *Wall Street Journal*, August 17, 2015.

[GO TO NOTE REFERENCE IN TEXT](#)

Shai Bernstein: Shai Bernstein, "Does Going Public Affect Innovation?," *The Journal of Finance*, 70, no. 4 (August 2015): 1365–1403.

[GO TO NOTE REFERENCE IN TEXT](#)

"We like things to work in five to seven years": Eric Jackson, "6 Things Jeff Bezos Knew Back in 1997 That Made Amazon a Gorilla," *Forbes*, November 16, 2011; Julia Kirby and Thomas A. Stewart, "The Institutional Yes," *Harvard Business Review*, October 2007.

[GO TO NOTE REFERENCE IN TEXT](#)

John Deere: Jim Mertens, "John Deere Chairman Says Global Markets Are Key to Company's Future," WQAD News 8 (Moline, IL), August 15, 2016, wqad.com/article/news/agriculture/ag-in-the-classroom/deere-chairman-says-global-markets-are-key-to-company-future/526-8008aa6f-ab3b-4654-acbe-d277e1e91649.

[GO TO NOTE REFERENCE IN TEXT](#)

Kaspi.kz made a dramatic transition: Mario Gabriele, "Kaspi: The Shapeshifter," *The Generalist*, August 22, 2021, generalist.com/briefing/kaspi.

[GO TO NOTE REFERENCE IN TEXT](#)

Adobe, the software giant: Rob Walker, "How Adobe Got Its Customers Hooked on Subscriptions," *Bloomberg*, June 8, 2017, bloomberg.com/news/articles/2017-06-08/how-adobe-got-its-customers-hooked-on-subscriptions.

[GO TO NOTE REFERENCE IN TEXT](#)

the famous marshmallow experiment: W. Mischel, E. B. Ebbesen, and A. Raskoff Zeiss, “Cognitive and Attentional Mechanisms in Delay of Gratification,” *Journal of Personality and Social Psychology* 21, no. 2 (1972): 204–18. Their first study is described in W. Mischel and E. B. Ebbesen, “Attention in Delay of Gratification,” *Journal of Personality and Social Psychology* 16, no. 2 (1970): 328–37, but it does not involve the famed marshmallows.

[GO TO NOTE REFERENCE IN TEXT](#)

What really made this experiment famous: Jonah Lehrer, “Don’t! The Secret of Self-Control,” *The New Yorker*, May 11, 2009.

[GO TO NOTE REFERENCE IN TEXT](#)

Half a century of subsequent research: Jennifer Ouellette, “New Twist on Marshmallow Test: Kids Depend on Each Other for Self Control,” *Ars Technica*, January 21, 2020, arstechnica.com/science/2020/01/new-twist-on-marshmallow-test-kids-depend-on-each-other-for-self-control.

[GO TO NOTE REFERENCE IN TEXT](#)

John Warner and Saul Pleeter: John T. Warner and Saul Pleeter, “The Personal Discount Rate: Evidence from Military Downsizing Programs,” *American Economic Review* 91, no. 1 (March 2001): 33–53.

[GO TO NOTE REFERENCE IN TEXT](#)

Impatient workers afflicted: Stefano DellaVigna and M. Danielle Paserman, “Job Search and Impatience,” Working Paper 10837, *National Bureau of Economic Research*, October 2004, nber.org/papers/w10837.

[GO TO NOTE REFERENCE IN TEXT](#)

A higher extent of impatient hyperbolicism: Timothy J. Richards and Stephen F. Hamilton, “Obesity and Hyperbolic Discounting: An Experimental Analysis,” *Journal of Agricultural and Resource Economics* 37, no. 2 (August 2012): 181–98.

[GO TO NOTE REFERENCE IN TEXT](#)

“The stock market is a device”: Annalyn Kurtz, “5 Lessons Ordinary Investors Can Learn from Warren Buffett,” *U.S. News & World Report*, May 4, 2018, money.usnews.com/investing/buy-and-hold-strategy/articles/2018-05-04/5-lessons-ordinary-investors-can-learn-from-warren-buffett.

[GO TO NOTE REFERENCE IN TEXT](#)

Jared Diamond's stories: Jared Diamond, *Collapse: How Societies Choose to Fail or Succeed*, 2nd ed. (New York: Penguin, 2011).

[GO TO NOTE REFERENCE IN TEXT](#)

red wine ages faster in space: Hanneke Weitering, "Red Wine in Space May Age Faster Than on Earth, Study Finds," Space.com, May 5, 2021, [space.com/red-wine-in-space-aged-faster](https://www.space.com/red-wine-in-space-aged-faster).

[GO TO NOTE REFERENCE IN TEXT](#)

Conclusion

Żabka, the leading Polish retailer: Dayeeta Das, "Żabka Launches Cashierless Store Format, Żabka," *ESM Magazine*, June 16, 2021, esmmagazine.com/technology/zabka-launches-cashierless-store-format-zabka-136704; Kevin Rozario, "Poland's Biggest Convenience Chain Overtakes Amazon in European Race for Autonomous Stores," *Forbes*, January 18, 2022.

[GO TO NOTE REFERENCE IN TEXT](#)

Today an average visit: Bill Briggs, "A Grocer That Sells Smoothies, Snacks and 'Easier Lives'? Welcome to Żabka's Autonomous Stores," Microsoft Source, January 10, 2023, news.microsoft.com/source/features/digital-transformation/a-grocer-that-sells-smoothies-snacks-and-easier-lives-welcome-to-zabkas-autonomous-stores.

[GO TO NOTE REFERENCE IN TEXT](#)

Steve Jobs was not even aware: Zameena Mejia, "Steve Jobs Almost Prevented the Apple iPhone from Being Invented," CNBC, September 12, 2017, [cnbc.com/2017/09/12/why-steve-jobs-almost-prevented-the-apple-iphone-from-being-invented.html](https://www.cnbc.com/2017/09/12/why-steve-jobs-almost-prevented-the-apple-iphone-from-being-invented.html).

[GO TO NOTE REFERENCE IN TEXT](#)

Howard Schultz: Sheila Farr, "Starbucks: The Early Years," HistoryLink.org, February 15, 2017, [historylink.org/file/20292](https://www.historylink.org/file/20292).

[GO TO NOTE REFERENCE IN TEXT](#)

Nintendo: Tegan Jones, "The Surprisingly Long History of Nintendo," *Gizmodo*, September 20, 2013, gizmodo.com/the-surprisingly-long-history-of-nintendo-1354286257; "The Industry's Finest—Gunpei Yokoi," VGChartz, September 10, 2009, [vgchartz.com/article/5145/the-industrys-finest-gunpei-yokoi/](https://www.vgchartz.com/article/5145/the-industrys-finest-gunpei-yokoi/).

[GO TO NOTE REFERENCE IN TEXT](#)

Index

The page numbers in this index refer to the printed version of the book. Each link will take you to the beginning of the corresponding print page. You may need to scroll forward from that location to find the corresponding reference on your e-reader.

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#)
[Y](#) [Z](#)

A

a16z (Andreessen Horowitz), [1](#), [4](#), [98](#), [163](#), [170](#), [179–80](#), [181](#), [184](#)

Accel Partners, [85–86](#), [116–18](#)

adjacent innovation, [25](#)

Adobe, [253–54](#)

advance provision of feedback, [164–65](#)

Agadi, Giovanni, [207–8](#)

Agrawal, Ajay, [54](#)

agree to disagree principle, [xxiv](#), [147–73](#)

- advance provision of feedback, [164–65](#)
- anti-veto power, empowering leaders with, [167](#)
- consensus versus contrarian approach, [154–60](#)
- devil’s advocate role, assigning, [163–64](#)
- group-induced bias and, [147–54](#)
- juniors first rule, [162–63](#)
- Lekkerism and, [165–70](#)
- mindset checks for, [173](#)
- path dependence and, [152–54](#)
- small teams, [161](#)
- unanimity in decision-making process and, [155](#), [171–73](#)
- Zoom investment and, [xxiv](#)

Airbnb, [77–78](#), [132](#), [178–80](#)

Airbus, [18–19](#)

Alexander, Robert, [80](#)

Allen, Sam, [253](#)

all-or-nothing behavior, [18–19](#)

“all for one and one for all” paradigm, [170](#)

Alphabet. See [Google](#)

Alto, [56–57](#)

Amazon, [xxviii](#), [17](#), [22–24](#), [103](#), [161](#), [171–72](#), [198–99](#)

Amazon Web Services, [22](#)

analysis paralysis, [82](#)

Anderson, Steve, [34](#)

Andreessen, Marc, [81](#), [98](#), [197](#)

antiportfolio, [8–9](#)

“anti-veto” power, empowering leaders with, [167](#)

Apple, [xxviii](#), [22](#), [23–24](#), [53](#)

Arnold, Paul, [43–44](#)

Atari Corporation, [53](#)

AT&T, [222](#)

authentic dissent, [164](#)

Ayers, Charlie, [228–29](#)

Azure, [xxvii](#)

B

BabyQuip, [73–74](#)

Bailey, Jerry, [122](#)

Ballmer, Steve, [247](#)

Bank of Italy (Bank of America), [239–40](#)

Barings Bank, [187–88](#)

BBC, [156](#)

Bechtolsheim, Andy, [39](#)

Benner, Mary, [13](#)

Bent, Mercedes, [132](#)

Benter, Bill, [122](#)

Bernstein, Shai, [251](#)

Bessemer Venture Partners, [8–9](#)

“best and the rest” principle, [4–5](#), [7](#)

bet on the jockey principle, [xxiv](#), [115–44](#)

business model and, [135–40](#)

charisma and character of founders, [130–31](#)

founding team, betting on, [134–35](#)

hiring CEOs from unrelated industries and, [133](#)

intrapreneurial culture, building, [124–29](#)

management team, importance of, [121–24](#)

market size and, [135](#)

mindset checks for, [143–44](#)

misfits that fit character of founders, [132–34](#)

“people over process” mindset and, [139–43](#)

super founders and, [115–21](#)

Zoom investment and, [xxiv](#)

Beyond Meat, [197](#)

Bezos, Jeff, [22](#), [23](#), [245](#), [252](#)

Bitbank (Coinbase), [50](#)

Blicharski, Tomasz, [261–62](#), [266](#)

Blue River Technology, [252–53](#), [266](#)

Borders, [17](#)

Botelho, Tristan, [133](#)

Box, [50–51](#)

Braccia, Andrew, [118](#), [119](#)

Brin, Sergey, [25](#), [50](#)

Brooks, Andrew, [140–41](#)

Brydges, Robert, [191](#), [196](#)

Buchheit, Paul, [125](#), [126](#), [129](#)

Buffett, Warren, [163](#), [256](#)

Building Robotics, [41–42](#)

Burbn. See [Instagram](#)

Burning Man festival, [45](#)

Bushnell, Nolan, [53](#)

business model, [135–40](#)

Butterfield, Stewart, [117](#), [119](#), [134–35](#)

bystander effect, [149](#)

C

Caissie, Rene, [130–31](#)

Campbell, Bill, [39](#)

Careem, [4](#)

Carlson, Chester, [52–53](#)

Carlton, Richard, [11](#)

carried interest, [211](#)

Catmull, Ed, [27](#)

Celestis, [235–36](#)

Chafer, Charles, [234](#), [236](#)

Chang, Melody, [133](#)

charisma and character of founders, [130–31](#)

Cheriton, David, [39](#)

Chesky, Brian, [132](#), [179](#)

C.H.I. Overhead Doors, [226–27](#), [266](#)

Choe, David, [229](#)

Cockburn, Iain, [54](#)

Coel, Michaela, [110–11](#)

Coin, [3](#)

Coinbase, [50](#)

cold pitches, [46–51](#)

colleganza contract, [207–9](#)

Connect and Develop (C&D) strategy, [61–62](#)

consensus-seeking culture, dangers of, [154–60](#)

Cook, James, [257](#)

Cook, Tim, [39–40](#)

core products, [24–25](#)

corporate unicorns, [242](#)

Countrywide, [223](#)

Cowan, David, [9](#), [49–50](#)

“critical flaw approach,” [71–76](#)

Cuban, Mark, [50–51](#), [73–74](#)

D

Dalio, Ray, [157](#), [160](#)

Darley, John, [148–49](#)

David, Ned, [39](#)

deal funnel strategy, [98–100](#)

decision trees, [181](#)

Deshpande, Sachin, [xi](#), [xii–xiv](#), [xiii](#), [xviii](#), [xxiv](#)

devil's advocate role, assigning, [163–64](#)

DFJ, [235](#), [236](#)

DiDi, [4](#)

Disagree and Commit principle, [171–72](#)

discounting future rewards, [255–56](#)

disruptive innovation, [25](#)

diversification, [9](#)

Dixon, Chris, [35](#)

DocuSign, [243](#)

Doerr, John, [39](#)

Dollar Shave Club, [168–69](#)

DoorDash, [132](#)

Doriot, Georges, [123](#)

Dorsey, Jack, [212](#)

double down or quit principle, [xxiv–xxv](#), [175–204](#)

Airbnb investment and, [178–80](#)

escalation of commitment and, [182–86](#)

[50-50](#) principle and, [196–98](#)

flexibility, importance of, [202–4](#)

funding rounds and, [177–82](#)

kill rates for projects and, [198–202](#)

mindset checks for, [204](#)

outsiders' perspectives, [194–96](#)

poker strategies and, [175–82](#)

real optionality and, [182–86](#)

unbiased / external perspectives and, [192–94](#)

unbiased perspective, seeking, [192–94](#)

Zoom investment and, [xxiv–xxv](#)

Dragons' Den (TV show), [74–75](#)

Dropbox, [31–33](#), [65–66](#)

due diligence, [98](#), [101–4](#)

E

Easter Island, [257–58](#)

Echo, [23](#)

echo chamber effect, [55–56](#)

Edmans, Alex, [225](#)

Edwards, David, [191](#), [194](#)

Eggen, Patrick, [xi](#), [xiii–xiv](#), [xiv](#), [xxiii](#), [xxv](#)

Elsbach, Kimberly, [87](#)

Emergence Capital, [xvii](#), [41–42](#), [101](#)

employee bonus programs, [248](#)

employees, as owners / stockholders, [225–27](#)

employee's contribution to company's valuation, rewarding, [227–28](#)

Enron, [159](#)

Ephrati, James, [193](#)

errors of commission, [8](#), [14](#)

errors of omission, [8](#), [14](#)

escalation of commitment, [186–91](#)

Etsy, [243](#)

Eventbrite, [243](#)

exits, [243](#)

F

Fab.com, [1–2](#)

Facebook, [43](#), [82–83](#), [180](#), [229](#)

Fairchild, Sherman, [214](#)

Fairchild Semiconductor, [213–15](#)

Fan Munce, Claudia, [54](#)

fast-rejection mindset, [71–76](#)

Favre, Eric, [59–60](#)

Felten, Obi, [202](#)

Ferdowsi, Arash, [31](#), [32](#), [33](#)

Fernández de Cofiño, Yolanda, [128](#), [129](#)

Fernie, Sue, [212](#)

Fever, [3](#)

“50-50” principle, [196–98](#)

financing mechanisms, for startups, [xvi–xvii](#)

Fire Phone, [22–23](#)

Fireworks Partners, [105](#), [106](#)

Flatiron Health, [132](#)

Fleming, Alexander, [78](#)

flexibility, [182–86](#)

Folkman, Judah, [142](#)

FOMO (fear of missing out), [93–95](#)

Ford, William Clay, [137](#)

founders

 charisma and character of, [130–31](#)

 misfits that fit character of, [132–34](#)

 super founders, [115–21](#)

Founders Fund, [169–70](#), [180](#), [235](#), [236](#)

founding team, [134–35](#)

franchise system, [225–26](#)

Franklin, Benjamin, [224](#), [225–26](#)

Free, Clinton, [159](#)

Freed, Ian, [23](#)

Fry, Art, [10–11](#), [13](#)

FTX, [94](#)

Fumbling the Future (Smith and Alexander), [80](#)

G

Game of Thrones (TV show), [26](#)

Gandhi, Sameer, [31](#), [35](#), [76–77](#), [81](#)

Gebbia, Joe, [132](#), [179](#)

get outside the four walls principle, [xxiii](#), [31–66](#)

cold pitches, responding to, [46–51](#)

Dropbox investment and, [31–33](#)

echo chamber effect and, [55](#)

innovation scouts, using, [61–62](#)

internal and external innovation, balancing, [60–63](#)

internal innovation, [52–54](#), [59–63](#)

mindset checks for, [66](#)

networking and, [36–41](#), [65–66](#)

Not Invented Here (NIH) syndrome, [54–58](#)

opportunities, creating, [41–46](#)

picking and, [34–35](#)

public as source for new ideas, [63–64](#)

sourcing and, [34–36](#)

Zoom investment and, [xxiii](#)

Giannini, Amadeo Peter, [239–40](#)

Glitch (video game), [117–18](#)

Gmail, [124–27](#)

Goetz, Jim, [44](#)

Goldberg, Jason, [2](#)

Google, [xxviii](#), [17](#), [23–24](#), [39](#), [50](#), [110](#), [125–27](#), [165](#), [196](#), [229](#)

Google Glass, [26](#)

Google Ventures, [95–96](#)

Google X, [25–26](#), [201–2](#)

Gouw, Theresia, [85–86](#)

Graham, Paul, [77–78](#), [132](#)

Grant, Adam, [164](#)

great things take time principle, [xxv](#), [233–59](#)

growth from adversity and economic downturns, [238–41](#)

illiquidity of investments in startups and, [241–45](#)

long-term thinking and, [245–46](#), [247–54](#)

long-term trends, danger of ignoring, [237–38](#)

mindset checks for, [259](#)

patience requirement, [241–47](#)

short-term versus long-term thinking, [247–54](#)

SpaceX investment and, [234–37](#)

Grinda, Fabrice, [241](#)

group-induced bias, [147–54](#)

Grow the Pie (Edmans), [225](#)

Gurley, Bill, [8](#), [241](#)

H

Hackman, Richard, [161](#)

Hall, Rob, [186–87](#)

Happy Meal, [128](#)

Hardy, G. H., [51](#)

Harroch, Richard, [175](#), [184](#), [190](#)

Hastings, Reed, [26–27](#), [140](#)

Hemingway, Ernest, [237–38](#)

Henderson, Cal, [117](#), [134–35](#)

Heraud, Jorge, [253](#), [266](#)

Hoffman, Reid, [36–37](#), [154](#), [179](#), [183](#)

Holmes, Elizabeth, [97](#)

home runs matter, strikeouts don't principle, [xxiii](#), [1–28](#)

all-or-nothing behavior, avoiding, [18–19](#)

“best and the rest” principle, [4–5](#), [7](#)

budgeting process and, [15–16](#)

diversification and, [9](#)

errors of omission versus errors of commission, [8](#), [14](#)

fear of missing upside success, [7–10](#)

frequent failures, expectation of, [3–4](#)

hunting home runs, [20–23](#)

initial small bets, placing, [9](#)

innovation and, [10–15](#)

mindset checks for, [28](#)

playing it too safe and, [18](#)

risky and traditional investments, blending, [23–27](#)

success-to-failure ratio, [5–7](#)

unsuccessful ideas, killing, [19–20](#)

Zoom investment and, [xxiii](#)

Horowitz, Ben, [118–19](#)

Houseman, Thomas, [140–41](#)

House of Cards (TV show), [26](#), [140](#)

Houston, Drew, [31](#), [32](#), [33](#)

Hummer Winblad, [195](#)

Hurley, Chad, [120](#)

hyperbolic discounting, [256](#)

I

IBM, [105](#), [106](#)

illiquidity, of investments in startups, [241–45](#)

I May Destroy You (TV show), [110–11](#)

Impossible Burger, [263](#)

incentives. See [making the pie bigger principle](#)

industry expertise, [83–84](#)

innovation, [10–15](#)

innovation scouts, [61–62](#)

Instagram, [34](#), [120](#), [184](#)

Intel, [16](#), [215](#)

internal innovation, [52–54](#), [59–63](#)

intrapreneurship, [124–29](#)

Intuit, [26](#)

investment memorandum, [101–2](#), [103–4](#)

iPhone, [22](#), [23](#)

IPO rate, [155](#)

J

Jacobs, Brian, [41–42](#), [65](#), [101](#)

Jalal, Abu, [133](#)

Jawbone, [181](#)

J-curve, of typical VC-backed company, [243–44](#)

Jemail, Jimmy, [121](#)

JetBlue Airways, [83–84](#)

JetBlue Technology Ventures (JTV), [83–84](#), [266](#)

JLABS, [62–63](#)

Jobs, Steve, [40](#), [53](#), [57](#), [79–80](#), [81](#), [127](#), [264](#)

Joby Aviation, [243](#)

John Deere, [252–53](#), [266](#)

Johnson & Johnson, [62–63](#)

Juicero, [3](#)

“juniors first” rule, [162–63](#)

K

Kahoot, [167](#)

Kaplan, Steven, [136–37](#)

Kashyap, Nagraj, [xi](#), [xiii–xiv](#), [167](#)

Kaspi.kz, [253](#)

Kennedy, John F, [162–63](#)

Keppel, Judith, [191](#), [192](#)

Keynes, John Maynard, [158](#)

kill rates for projects, [198–202](#)

KKR, [226–27](#)

Klein, Dan, [21](#)

Koch, Leslie, [39](#)

Kramer, Roderick, [87](#)

Kramlich, Dick, [169](#)

L

Lafley, A. G., [61–62](#), [266](#)

Lake, Karina, [73–74](#)

Landry, Stephanie, [198](#)

Langer, Robert, [142–43](#), [266](#)

Langer Lab, [142–43](#)

Latané, Bibb, [148–49](#)

Laube, James, [141](#)

Leach, Robert, [97](#)

Lee, Aileen, [241](#)

Leeson, Nick, [187–88](#)

Lego, [20](#)

Lekkerism, [165–70](#)

dangers of, [170](#)

minority rules, [169–70](#)

right to make own decision and, [168–69](#)

Leone, Doug, [33](#), [65–66](#)

Lerner, Josh, [105](#)

Levie, Aaron, [50–51](#)

Levine, Jeremy, [102](#)

Liddiment, David, [197–98](#)

Liew, Jeremy, [34](#)

Lightspeed Capital, [192–93](#)

limited partnership agreements, [210](#)

LinkedIn, [102](#)

liquidity event, [243](#)

long-term thinking, [245–46](#), [247–54](#)

Lumo, [84](#)

Lyft, [4](#), [246](#)

Lyons, Adam, [51](#)

M

Macintosh, Norman, [159](#)

McAdoo, Greg, [77–78](#), [81](#)

McCance, Henry, [123–24](#)

McDonald's, [128](#), [137–38](#), [197](#), [229](#)

McNerney, James, [12–13](#)

Madera, Paul, [42–43](#), [134](#), [249](#)

Maier, Fran, [73–74](#)

making the pie bigger principle, [xxv](#), [207–30](#)

aligning incentives and contributions, [224–29](#)

compensation revolution and, [213–15](#)

employee contribution to company's valuation, rewarding, [227–28](#)

employees made owners / stockholders and, [225–27](#)

marshmallow experiment and, [254–55](#)

mindset checks for, [230](#)

number of partners and, [224–25](#)

1000 to 1001 challenge and, [227–28](#)

poorly set incentives, examples of, [221–24](#)

principal-agent problem and, [226–27](#)

profit-sharing incentives and, [207–10](#)

risk preferences, and incentives, [215–21](#)

start-up team, incentives for, [211–13](#)

stock options as element of compensation and, [215](#)

“2 and 20” contracts, [210–11](#)

vesting and, [227](#)

management team, [121–24](#)

Maples, Mike, [8](#), [120](#), [130](#), [132–33](#), [158–59](#), [246](#)

Maris, Bill, [95–97](#)

maritime ventures, [207–10](#)

market size, [135](#)

Marks, Howard, [158](#)

marshmallow experiment, [254–55](#)

Mashable (blog), [33](#)

Mattel, [156](#), [161](#)

Mendeleev, Dmitri, [77](#)

Menlo Ventures, [1](#), [4](#)

Meritech, [42–43](#)

Metcalf, David, [212](#)

Milner, Yuri, [82–83](#)

Minecraft (video game), [116](#)

minimum lovable product (MLP), [183](#)

minimum viable product (MVP), [183](#)

mining industry, [185](#)

Mischel, Walter, [254](#)

Mitchell, Kate, [131](#)

Miura-Ko, Ann, [246](#)

Monash, John, [160](#)

MongoDB, [243](#)

Moore, Gordon, [215](#)

Moritz, Michael, [33](#), [175–76](#)

Movie Gallery, [139](#)

movie industry, [26](#), [185](#)

MoviePass, [3](#)

Mr. Clean Magic Eraser, [61](#)

Munger, Charlie, [256](#)

Murdoch, Rupert, [249](#)

Museum of Failure, [3](#)

Musk, Elon, [80](#), [234](#), [236](#)

My Big Fat Greek Wedding (film), [185](#)

MySpace, [42–43](#), [249–50](#)

N

Nebia, [39–40](#)

Nelson, Bill, [236](#)

Nespresso, [60](#)

Nestlé, [60](#)

Netflix, [17](#), [26–27](#), [63–64](#), [139–40](#)

networking, [36–41](#), [65–66](#)

Newton, [22](#)

Nicholson, Geoff, [10](#)

Nintendo, [265](#)

Nortel, [55–56](#)

No Rules Rules (Hastings), [140](#)

Not Invented Here (NIH) syndrome, [54–58](#)

Noyce, Robert, [215](#)

Nozad, Pejman, [31–33](#), [65–66](#)

O

Odeo, [120](#)

Ofo, [94](#)

Ola, [4](#)

Oldani, Davide, [248](#)

O’Leary, Kevin, [74](#)

“1000 to 1001” challenge, [227–28](#)

OpenAI, [263](#)

O’Reilly, Charles, [12](#)

Originals (Grant), [164](#)

Ørsted (Dong Energy), [133](#)

outsiders’ perspectives, and follow-on decisions, [194–96](#)

P

Page, Larry, [25](#), [50](#)

Palantir Technologies, [243](#)

Palo Alto Research Center (PARC), [57–58](#), [79–80](#)

Parker, Sean, [36–37](#)

Pasteur, Louis, [78–79](#)

path dependence, [152–54](#)

pay-for-performance, [212](#)

PayPal, [3](#)

penicillin, [78](#)

“people over process” mindset, [139–43](#)

Percival, Sean, [249](#)

Persil Power, [3](#)

Persson, Markus, [116](#)

pharmaceutical industry, [27](#), [184–85](#)

picking, [34–35](#)

Piggy Bank Auction game, [91–93](#)

Pincus, Mark, [36–37](#)

Pixar, [193](#)

playing it too safe, [18](#)

Pleeter, Saul, [256](#)

poker, [175–82](#)

Post-it notes, [10–11](#)

Poulsen, Henrik, [133](#)

PowerPoint, [169](#)

preparing your mind principle, [xxiii–xxiv](#), [69–89](#)

“critical flaw approach,” [71–76](#)

examples of prepared mind in action, [76–81](#)

fast-rejection mindset, [71–76](#)

focusing on specific domain and, [85–86](#)

industry expertise and, [83–84](#)

mindset checks for, [89](#)

speed of decision making and, [86–88](#)

“tap, build, and prepare” approach, [82–83](#)

Zoom investment and, [xxiii](#)

Prezas, Alexandros, [133](#)

PR FAQ (Press Release and Frequently Asked Questions), [103–4](#)

Prime Now, [198–99](#), [200](#)

principal-agent problem, [226–27](#)

Procter & Gamble (P&G), [16](#), [61–62](#), [266](#)

profit-sharing, [207–9](#)

Project Caribou (Gmail), [124–27](#)

Puga, Diego, [208](#)

Pulitzer Prize, [110](#)

Q

Qualcomm Ventures, [xi](#), [xiii–xiv](#)

R

Rachleff, Andy, [135](#), [158](#)

Ragozin, Len, [122](#)

Ramanujan, Srinivasa, [51](#)

Rampell, Alex, [8](#), [130](#), [136](#), [159](#)

real optionality, [182–86](#)

Redbox, [139](#)

“red flag approach,” [71–76](#)

Redpoint Ventures, [250](#)

Reitzig, Markus, [54](#)

rejection rate, [98–100](#)

Renaud, Leslie Mead, [140–41](#)

R. H. Donnelly (RHD), [108–9](#)

Ribbn, [44](#)

ride-sharing apps, [4](#)

Riggio, Steve, [247](#)

risk preferences, [215–21](#)

risk-reduction engineers, [102–3](#)

Roberts, Bryan, [159](#), [168–69](#)

Rock, Arthur, [214](#)

rocket launches, [233–34](#)

Romano, Michael, [193](#)

Rosell, Carlos, [54](#)

Rosenthal, David, [77](#)

RWE, [195](#)

S

Saasbee. See [Zoom](#)

Salehizadeh, Bijan, [97](#)

Salesforce, [42](#)

Samuels, Cami, [38–39](#), [135–36](#)

Sandberg, Sheryl, [241](#)

Saper, Jake, [41–42](#)

Sauvage, Nicolas, [168](#), [266](#)

say no 100 times principle, [xxiv](#), [91–112](#)

bureaucratic clutter, getting rid of, [105–9](#)

deal funnel strategy and, [98–100](#)

due diligence, conducting, [98](#), [101–4](#)

excessive skepticism, avoiding, [111–12](#)

FOMO (fear of missing out) and, [93–95](#)

investment memorandum and, [101–2](#), [103–4](#)

mindset checks for, [112](#)

Piggy Bank Auction game and, [91–93](#)

risk-reduction engineers and, [102–3](#)

small ideas and incremental changes, cluttering deal funnel with, [107–9](#)

winner's curse and, [93–95](#)

Schmidt, Eric, [25](#)

Schmitz, Rolf Martin, [195](#)

Schultz, Howard, [264–65](#)

scientific management, [138](#)

Sears, [223](#)

Sensoy, Berk, [136–37](#)

Sequoia Capital, [xvii](#), [31](#), [33](#), [44–45](#), [65–66](#), [77](#), [178–79](#), [180](#), [181](#)

Shark Tank (TV show), [73–74](#)

Shazam, [6](#)

Shopee, [xxvii](#)

short-term versus long-term thinking, [247–54](#)

Siegel, Mark, [34](#)

Simi, Bonny, [83–84](#), [154–55](#), [266](#)

Singer, David, [77](#), [97](#)

Six Sigma, [12](#), [14](#)

Skype, [17](#)

Slack, [118–19](#), [134–35](#)

Slush, [45](#)

Smith, Douglas, [80](#)

Smith, Fred, [247](#)

Smith, Paul, [197–98](#)

Snapchat, [34](#)

Solyndra, [182](#)

Sorenson, Olav, [54](#)

sourcing, [34–36](#)

Space Services Inc., [234](#)

SpaceX, [234–37](#), [243](#)

Spider-Man (film), [26](#)

Spiegel, Evan, [34](#)

Stagnario, Zaccaria, [207–8](#)

Starbucks, [4](#), [264–65](#)

Stavros, Pete, [227](#), [266](#)

stock options, as element of compensation, [215](#)

Stoffels, Paul, [62](#)

Strömberg, Per, [136–37](#)

Subotovsky, Santi, [xviii](#)

success-to-failure ratio, [5–7](#)

The Sun Also Rises (Hemingway), [237–38](#)

Supercell, [116](#)

super founders, [115–21](#)

Super Founders (Tamaseb), [115](#)

System, Kevin, [34](#)

Sze, David, [154](#)

T

Tai, Bill, [xi](#)

Tamaseb, Ali, [115](#)

Tan, Garry, [50](#)

“tap, build, and prepare” approach, [82–83](#)

Tata, Ratan, [26](#)

Taylor, Frederick, [138](#)

Teller, Astro, [201](#), [266](#)

Theory of Games and Economic Behavior (von Neumann), [176](#)

Theranos, [96–98](#)

Thermo Fisher Scientific, [223–24](#)

Thiel, Peter, [36–37](#), [228](#)

3M company, [10–14](#)

Tiny Speck, [116–19](#)

Toyota, [138](#)

Toy Story 2 (film), [193](#)

Trefler, Daniel, [208](#)

Trulia, [85–86](#)

Tushman, Michael, [13](#)

Twitter, [120](#), [212–13](#)

“2 and 20” contracts, [210–11](#)

U

Uber, [3](#), [4](#), [180](#), [243](#), [246](#)

unanimity in decision-making process, [155](#), [171–73](#)

unbiased / external perspectives, and follow-on decisions, [192–94](#)

unicorns, [xxvii](#), [241–42](#), [263–64](#)

unpredictability, [64–66](#)

unsuccessful ideas, killing, [19–20](#)

V

Valentine, Don, [40](#)

van de Waal, Erica, [147](#)

VantagePoint Capital Partners, [250](#)

Vassalo, Steve, [256–57](#)

Venrock, [168](#)

venture capital funds, [xvii–xx](#). See also [Venture Mindset](#)

Venture Mindset, [xx–xxviii](#), [261–67](#)

agree to disagree principle (See [agree to disagree principle](#))

bet on the jockey principle (See [bet on the jockey principle](#))

corporate innovators and venture investors, commonalities between, [xxv–xxvi](#)

decision-making approach of, [xx–xxi](#)

defined, [ix–x](#)

double down or quit principle (See [double down or quit principle](#))

get outside the four walls principle (See [get outside the four walls principle](#))

great things take time principle (See [great things take time principle](#))

home runs matter, strikeouts don't principle (See [home runs matter, strikeouts don't principle](#))

making the pie bigger principle (See [making the pie bigger principle](#))

preparing your mind principle (See [preparing your mind principle](#))

say no 100 times principle (See say no [100](#) times principle)

Versatile Venture Capital, [195](#)

vesting, [227](#)

Vidmar, Neil, [161](#)

von Neumann, John, [176](#)

W

Walmart, [196](#)

Warby Parker, [34](#)

Warner, John, [256](#)

Waymo, [26](#), [228](#)

Wells Fargo, [223](#)

WeWork, [94](#)

whale hunting, [209–10](#)

WhatsApp, [44–45](#)

white space, [77](#)

Who Wants to Be a Millionaire? (TV show), [191–92](#), [197–98](#)

Will, George, [229](#)

Williams, Evan, [120](#), [212](#)

winner's curse, [93–95](#)

Winter, Philip, [39](#)

Wojcicki, Susan, [49–50](#)

Wozniak, Steve, [53](#)

Wu, Andy, [169](#)

Wynne, Toddie Lee, [233](#)

X

Xerox, [52–53](#), [58](#), [79–80](#)

Xu, Tony, [132](#)

Y

Yang, Geoff, [250](#)

Y Combinator, [134](#)

Yellow Pages, [108](#)

Yokoi, Gunpei, [265](#)

YouTube, [120](#)

Yu, Gideon, [82](#)

Yuan, Eric, [xv](#), [xvi](#), [xxiv](#)

Z

Žabka, [261–62](#)

Zachary, George, [120](#)

The Zebra, [51](#)

Zelle, [xxvii](#)

Zero to One (Thiel), [228](#)

Zillow, [110](#)

Zoom, [xi–xvii](#), [xxviii](#), [17](#)

Zoom Ventures, [xxviii](#)

Zuckerberg, Mark, [36–37](#), [43](#), [82–83](#)

Zynga, [36](#)

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#) [K](#) [L](#) [M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#) [W](#) [X](#)
[Y](#) [Z](#)

[OceanofPDF.com](#)