

Transcription

My name is Guy Kawasaki. I am the managing director of an early-stage venture capital firm called Garage Technology Ventures.

However, I'm not really here today to talk to you about Ventures capital. I'm here to talk to you about how to promote and startups.

A little bit about my background, I worked for Apple twice in my life, from 1983 to 1987. I was Apple Software's Evangelist. And I also worked from 1995 to 1997, when I was Apple Chief Evangelist. My job essentially was to make sure that there was a lot of software for Macintosh.

And I worked for Steve Jobs in the Mac division at first time. It was a very very interesting experience, those of you who know people from Apple, I don't think you'll find it surprising but I consider the Macintosh division the largest collection of evil maniacs in the history of Silicon Valley.

And that says a lot in this valley. We worked for Steve with very special treatment, unlimited supplies, --- juice at two dollars the bottle, on Thursdays and Fridays we had massage therapist coming to our --- and give us back(---), and like any other part of Apple Computer, the Macintosh division employee could fly first class for any fly over two hours. My definition of the two hours begins at the moment you leave your apartment. So I flew first class everywhere for years. You know back then the company was divided in product division, there was the Apple two division which made all the money, and the Macintosh division which spent all the money. And the Apple two division, we really treated them lousy, I regret that, because of our arrogance, because of our MIH attitude, and so the Apple two division people weren't even allowed in a Macintosh division building, you know --- they paid for the building, they were not allowed into the building. And because of this, the Apple two division came over with a great joke about the Mac division people which is "How many Macintosh division employees does it take to screw a light bulb, the answer is one, the Macintosh division employee holds up the light bulb and expects the universe to revolve around him."

How many of you use a Macintosh is in this room? A lot of press people, hu. So, hu ,so

Is Microsoft the sponsor of this conference?

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Well they won't be.

The Microsoft version of this joke is "How many Microsoft employee does it take to screw on a light bulb is none because Bill Gates has declared darkness than a standard."

Hu, early, early in my career, early in my career, I sat for many keynote speakers, hu speeches, Comdex, Macworld expo, I saw many many high-tech CEO speak, and I have to tell you one thing I noticed is this : they pretty much sucked as speakers; and the second thing I figured out seeing in

these audiences of sucky keynotes was that : if there is anything worse than a CEO who sucks as a speaker, it's a CEO who sucks as a speaker and you have no idea how much longer he or she will suck.

And so, I have adopted a top ten format for all my speeches. This way, if you think I suck at least you can track progress through my speech.

I hope you don't think I suck but you know at least you can track progress.

So, I'm gone use the top ten. This speech is usually based on a book I wrote called "The Art of the Start". And I don't know what's on. Is this. Has a slide been up ? Yep ? Ah, ok.

So, hum, I'm gone give you my top ten pieces of advice about "The Art of the Start". About how to promoship. That is a promoship. I'll be the first to admit you know when you're a keynote speaker and an author, you tend to start believing in their all bullshit, and thinking that you did everything right in your career, you want the audience to perceive you as omnipotent and omniscient and look at all the thing that I did I never made a mistake in my career, and that's a lot of crap.

I made a lot of mistakes, this book reflects what I should have done, what I could have done, sometimes what I did do, but generally speaking I would like to pass on what I learned in many cases the hard way to you, a group of entrepreneurs and I hope that you can take this information and change the world.

So, the, thank you.

The first thing that I learned is that if you want to change the world, if you trully want to be a successful entrepreneur, the best reason to start a company is to make meaning, is to change the world.

I think you can make meaning in fundamentally three ways:

- The first is to increase the quality of life, that's what the Macintosh division was all about. We wanted to make people more creative, and more productive.
- The second way is to right a wrong. We thought that MS-DOS was immoral, it was wrong, it was a crime against humanity. And we had to fix that wrong.
- And the third thing that you can do to make meaning is to prevent the end of something good.

Now, as a Venture capitalist as I'll tell you, that we meet many times the entrepreneurs, and they come in, and they think they'll say what we want to hear which is "We want to make money". We believe that we are, you know, PTP optimized Google Adword revenue model, collecting millions of eyeballs, and that we quickly flip this company and sell it to Google or Yahoo, or Apple, or Microsoft, if not, if not if they don't take us off the market in eighteen month then, it's no problem, we'll go public.

And when we hear that it's just so depressing, it's so disappointing, because I figured out that the companies that are successful, they start up to make meaning, to make meaning, not to make money. So, one tip for you if those of you are PHVCs, talk about how you make meaning, because the theory goes, if you make meaning, you will make money. But if you start out to sourly make money, you'll attract the wrong kind of employees. Typically, when you say you're going to make money,

you'll attract MBA's and consultants. And they are no two worse kind of people for a startup than MBA's and consultants.

The second point is to make a mantra for your organization, because there are too many MBAs in the world, and I have a MBA, because there are too many MBAs, and too many of you have worked for band, or Mac Kinsey or (--- little), somehow you think that you should make a mission statement. And the way you make a mission statement is typically this. You go on a two day offsite, with the executive team, the executive team, the first they have this offsite, you're outdoors, you are the (--- bay) for example, 'cause that's why you go on these offsite. So you go to (---bay) and there is a facilitator, and the first day you create this cross functional team, and the facilitator says "All right one of you of each team come to the front, everybody else get behind him, or her, turn around, shut your eyes, open up your arms and fell backward into their arms. Because we're going to build trust. You're going to learn that your team mates are there for you so, turn around, shut your eyes, spread your arms and fall backward.

So, after one day of this bullshit, the second day you are in a small room, there is a bunch of white papers, you know, those tablets of papers, and there is a facilitator who know nothing about your industry. And that facilitator is going to help you craft this mission statement, and this mission statement is gone be good for the share holders, the employees, for the customers. If HR are there it's gonna be good for the whales and the dolphins. It will take care of everything.

And what happens is, you're gone miss statements like this "The mission of Wendy's is to deliver superior quality products and services for our customers and communities through leadership, innovation, and partnerships".

Now, don't get me wrong, I love Wendy's, I have four children, by definition, I like Wendy's. Ok?

But I have to tell you, in all the time I have been to Wendy's, it has never occurred to me, that I am participating in something involving leadership, innovation and partnership. I dare say that if you ask Trixy or Beaf (name) working at the Wendy's "What is the mission statement at Wendy's, not one could repeat this. I also dare say that not even the founder of Wendy's, Dave Thomas, could repeat this. I not that's not true, because he's dead.

This, is a useless kind of statement, it's too long, it's not unique, it's not memorable. As an entrepreneur, someday, when you have 15 000 employees, you're trading on nasdaq and you spend two million dollars to build your annual report, fine, make a dumbass mission statement like this.

But right now, in the entrepreneurial stage, I submit to you you should create a mantra. Three or four words. A mantra. Of all audiences, not to be racist, you should understand what a mantra is. So, let's have some mantras here. The mantra of Wendy should be "Healthy Fast Food". In three words, Wendy's could explain to every employee and every customer, what we stand for: "Healthy Fast food".

Admittedly there was a woman here who thought she changed Wendy's mantra to Healthy finger food. But in the long run it's "Healthy Fast Food".

FedEx, FedEx has airplanes, they have vans, they have an incredible ITN structure, FedEx can tell you that your package is on the left side of the van on the third shelve from the bottom, bottom

travelling south west on Highway101, at 65 miles an hour, in the third lane from the right. That's what FedEx can tell you. But all of that technology, and all of that infrastructure is for peace of mind. That's what that company stands for. When you absolutely positively want something some place.

Third example: Nike, great customers' slogan "Just Do It", but a mantra is for the employees, why do you work here, why do you exist. "Authentic Athletic Performance", that why Nike exist.

And my favorite example is Target, or when I'm from " (---)" we call it Target. Because Target is not price club. You go to price club to buy five hundred rolls of toilet paper in case of a nuclear war. You can't get to the store for a few months. You go to Target to democratize design, to buy something of great design at an economical price. These are four companies, very successful. These are the kinds of mantras I want you to create for your organizations. Mantras, not mission statement.

Now, I also want you to have the easiest, cheapest and most expedient way to create a mission statement. Because someday it may come to that. God bless you. Just remember me when you go public, right. Now, they're such thing as friends and the family stuff again. So, I would tell you how to get a great mission statement. And no cost, no offsite, no Mc Kinsey, no nothing, no facilitator, nothing, no pads of paper magic marker pens, nothing, you don't need to have to look at advertising.

Just go to the dealer of mission statement generator website. Because there, for absolutely no charge, you can get a great mission statement, a twenty five thousand dollar mission statement like this : "we exist to professionally build long-term high impact sources"-I need to think breath here – "so that we may endeavor to synergistically leverage existing effective deliverables to stay competitive in tomorrow's world." Is that a mission statement or what, hum ? Twenty-five grand.

The third thing is to get going. Ironically, many entrepreneurs have a difficult time getting going. Because they want to be sure there is a market, they want to prove there's a market, they want do focus group, research and all that crap. Tell you what: just get going. Three keep steps to getting going:

First, as the apple commercial said, think different. Don't do better saying this, don't be pathetically doing ten on fifteen percent better, do things ten times better. Let's go back in the printing business of the few decades. Let's say you're the best letter quality printer company. And you decide one day you gonna be revolutionary, you gonna change the world, you gonna introduce eighteen point Helvetica. Changing the world, that's not changing the world. A printer company, a letter quality printer company would not be content with introducing more typefaces, a letter quality printer company would jump to the laser printer curve: that's what you need to do. When Jeff Bezos created Amazon, he didn't go from two edge and fifty thousand titles in an analog book store to two hundred and seventy five titles in an analog book store. He went to two and half million titles in a digital book store. Think different.

Second point: don't be afraid of polarizing people. Great products polarize people. If you try to create a product that appeals to everybody, eighteen to twenty-five, twenty-five to thirty-five, thirty-five to fifty, fifty to seventy-five, seventy-five to dead, if you try to create this perfect product, you will create mediocrity. Do not be afraid to polarize. This is a picture of a Toyota-scion-xb, you can have one or two reactions to this car. Either you think it's a very cool design, or you think "Why did Toyota hired somebody who got fired from Volvo?" Those are the only two conclusions. Harley Davidson,

Macintosh, Netflix, TiVo, all these companies polarize people. I love TiVo because I love TV. There are advertisers who hate TiVo because I haven't watched an ad since Superball Sunday.

The third point of getting going is to find a few soul mates. "The concept of the solo entrepreneur is vastly overheated and untrue" Steve Jobs had Steve Wozniak. You know, Bill Gates had Steve Ballmer. You need soul mates, you need people to balance you off, if you're a great engineer, you need a great marketer. If you have the great marketing and engineering, you may need an operation person. If you're the useful visionary, you'll need adult supervision. Balance yourself off, balance yourself off. The three key points of getting going.

The fourth point is: define a business model. This is a step we all sort of forgot a few years ago. A minor detail, three key points to business model:

First, be specific. The business model, it says, "We'll collect ten million eyeballs, and somehow we'll figure out how to monetize these eyeballs, don't worry about it. That doesn't fly anymore. The reason why we've all heard about Facebook and MySpace is not because we can all do that, that's because they're unusual. We need to have specific business models; the question you need to ask yourself metaphorically is "Who is my customer? How do I get my money out of her purse?" It is your money in her purse, how do you get it out? That's the question. The second key point is you need to keep it simple. You know, I hope you innovate on technology, on products, on services, all that good stuff. Do not innovate on business models. Do not. If you believe, that it cost you a dollar, and you sell it for five dollars, and your growth margin is 20%, you would be successful. That's the kind of math. Cost a dollar, think about this later. Costs a dollar, sells for five dollars, we only have twenty per cent of growth margin, and you always be rich, keep it simple. The third thing is to ask women about your business model, I believe you should not waste your time asking men about business models and business ideas. I believe this is because men have a fundamental genetic floor; we all have the killer gene, men want to kill things, we want to kill plants, we want to kill animals, we want to kill other companies and products. To a large degree this killer gene has been suppressed by society. One place it hasn't been suppressed in is entrepreneurship. It is socially acceptable to want to kill the competition. Thus when you ask a man "should I start a company to kill Oracle, to kill Google, to kill Microsoft", all men always say "Yes! That's a great idea". Women do not have this fundamental genetic floor. So, when you come up with an idea for a business model, ask women, do not waste your time asking men.

The fifth thing, I have to tell you, I'm weeping through this, because I usually have an hour for this speech. And this is (----) do it, I didn't even get paid to endorse this. The fifth thing is to weave a MAT. MAT stands for "milestones, assumptions and tasks". I happened to love ice-hockey. I happened to love ice-hockey and they're two of my friends here from (Ice Olases) where I play Ice-Hockey in Redwood City. And, one of the pleasures of ice-hockey, is to be the first person on the ice after the zamboni, because after the zamboni has shaved the ice, the ice is just pure smooth virgin ice, no cuts, no rut, it's a beautiful thing, when you skate, you can see exactly where you are skiing, it's a lovely feeling. It's like being the first person down the mountain and skiing or snowboarding. A new company is largely like that. It's a pure sheet of wonderful smoothed ice. There's no pain in the ass, customers who are trying get a free upgrade. There's no stupid employees you made a mistake hiring. There's not the crappy commercial realistic that you paid fifteen boxes a month for (-----).

There's not the crappy furniture you bought at office deep one day. It's pure, pure wonderful ice. It's not the crappy logo that your sister in law designed for free. You're starting from scratch, it's beautiful! Beautiful. The zamboni just left the ice. When you have that situation, it's very difficult to prioritize. This is about prioritization.

The first thing you need to do this: come up with a hand full of milestone. Milestones are things like finishing the design, shipping the software. When you're starting a company, you often think "oh my God! We could either finish the design today, or go order stationary. Seems like the both have about the same importance. It's not true. A milestone is something that you would call up your spouse and say "Honey, today we shipped". That's very different, the calling up your spouse and say "honey, today we ordered stationary". That's not quite the same. The next thing you do is you write down the assumption of your company. How many sales costs can you make for a day, what's the customer ROY, how much does it cost to stole our software or product? This assumptions change your business model. Very few company as startups write them down. And test them. Write them down and test them. And the third thing is then to do tasks. Tasks are the things that help you either to accomplish a milestone or test an assumption. But the priority for an entrepreneur is milestones, assumptions and task. MAT.

The sixth thing is to Niche thyself. How many MBA is in this audience? That's too bad. I would teach all you need to know about marketing in one slide. You don't need to know anything else about marketing if you understand this next slide. Ok, this is the Holy Grail of marketing. I have saved you 25 thousand dollars in mission statement creation, now I'm gonna save you a hundred thousand dollars in MBA. They're two axes on this graph. The vertical ax is your ability to provide a unique product or service. The horizontal ax is the value of that product or service to the customer. As you might suspect, this is gonna be a two high to metrics. And I'll take the suspense away, we're gonna end up high into the right. Surprise, surprise. Let's go to the other corner first. In one corner, when you have great value to the customer, but you're not doing something unique, there you always compete on price. Not such a bad place to be. At least you're creating something of great value. But you'll be competing on price. Dell made a lot of money here, it's a margin pressure business. The second place, is when you create something of no value to the customer, luckily, you're the only person doing it. There, you're just stupid. You are just lame stupid. Only you is doing this stupid thing. The next corner is even worse. That's the dotcom corner, because in that corner, not only are you producing something of no value to the costumer, they are sixteen other companies that VCs have founded. To do the same stupid thing. This, this is a picture of dog food. Because I don't know about you, but remember when there were like sixteen ways to buy dog food online, everyone of them curve jumping (-----), Google adword optimised, PTP, thing Geese just buy food online. There's only one problem with pets.com, mypets.com, epets.com, ipets.com, massmanypets.com, inthispets.com, you name it. There's only one problem, yes you could (descend to immediate), maybe that was July Wainwright. Yes you could (decent to immediate) this stupid pet food store that has the analog present break-in order. There's only one problem. Sure, by taking this store out of the equation and being a digital store, you could reduce prices. The problem is that dog food weights so damn much. The shipping and handling of the dog food cost more than the discount you could give. And it had no value. That's the dotcom corner.

The corner you want to be in, it's over here. It's high and to the right. It's were you have the unique product, and only can do this product, and it is a great value to the customer. My example is

Fandango; Fandango is an online movie ticket mind service. As I told you I have four children. We love to go to movies, and you know when we go to the opening show for Mission Impossible, we need to know before we go that we have a ticket, because when you put four kids in a minivan, it takes twenty minutes. You don't want to get to the theater and see there is a line and it's sold out. You wanna know before you go. Fandango enables you to print the ticket at home. High value. And in northern California anyway, the only way you can get these tickets is Fandango. So I'm telling you, this is the Holy Grail of marketing. Every entrepreneur should understand it. If you're an engineer, you need to create the product that is unique and has great value to the customer. If you're the marketing person, you need to be able to convince your customer that this is true. You need to be high into the right. Yesterday, you heard Arnold Schwarzenegger talk, political speaker, I'll give you a political analogy. You want to be successful as an entrepreneur? From a marketing perspective, you need to be like our president George W. Bush. High into the right.

Seventh thing. The seventh thing is you need to follow what I call the 10/20/30 rule. I have this thing called the (----) disease. The (----) disease has three symptoms. Hearing loss, (----- in my ear), and sometimes I get dizzy or Vertigo, from this inner ear inflexion. Hu, medical science has tried to figure this disease out, they think that maybe there is too much salt in your diet, too much retention, too much caffeine, that's why I don't drink too much (-----), hu, too much stress, allergies, this is a bunch of theoretical medical reasons. I've tried to cure with all of these, controlling all of those factors. I would tell you that I have another theory about what causes (minor) disease. I am a Venture capitalist, by definition it means that I have to listen to pitch day in day out. And day in and day out, entrepreneurs come to me and they pitch me, and they have sixty slides in a pitch, and in that sixty slides, they're convincing me that all they need is one per cent of the market. That they have, first mover advantages, that they have (-----), that they have a unique proven team, with a proven technology, in a proven market. Every one (----shrimp farming) ,fabulous (----) conductor, social networks, every of them says that. Because I have to listen to such crap, I have a ringing in my head; I'm going deaf when I get dizzy. So before, there's an epidemic of minor disease in Venture capital industry, I came up with a ten-twenty-thirty rule. This is the ten-twenty rule. You should have ten slides in your PowerPoint pitch. Ten. Not fifty. I don't care if you have curve jumping (---) PTP, Google Adword, Social Network, Optimized cycle based way to sell dog food online. Ten slides. That's all we can handle. Those ten slides, you should be able to give in twenty minutes, you may have one hour meeting, but you're using a Windows laptop, it's gonna take you forty minutes to make it work with the projector. Twenty minutes. And the smallest font you should use is 30 points. You see, twenty, fourteen and twelve. You should use 30 point for two reasons, first the kind of people you're pitching to looks like that. The second reason is by having a 30 point font, you can put a lot less text, this forces you actually now your presentation and just put the core of your text on your slide. If you need to put eight points or ten points' fonts up there, it's because you don't know your material. If you start reading your material because you don't know your material, the audience is very quickly going to figure out that you are a Bozo. They're gonna say to themselves "this Bozo is reading his slides. I can read faster than this bozo can speak. I would just read at (----head). If you don't buy that 30 point is the right font size, I would give you an algorithm. Give you an algorithm. Find out who is the oldest person in the audience; divide his or her age by two. That's your optimal font size. Okay.

Unless you're pitching to sixteen year olds, don't use the eight point font. The eighth thing is to hire infected people. Hiring infected people means that you hire people who not only have work experience, educational background, but love your product. Most people only consider two factors,

work experience, educational background. I suggest you to consider a third, are they infected with the love of the product. This means you need to ignore the irrelevant. Sometimes it's irrelevant that they have this background, sometimes it's irrelevant that they don't have this background. They're two diamond rings in this picture. This is because I come from the jewelry business. I have never taken a computer class in my life. I'm living proof that you can fool some other people, most of the time. So, ignore the irrelevant. I never took a computer class. I was in a jewelry business when Apple recruited me. Can you imagine the HR person who went to Steve and said "listen? Let's hire this guy, he's down in LA, he's never taken a computer class in his life, he has this (----) degree from Stanford, that was the easiest major he could find in Stanford, he's been schlepping diamonds for the last five years. Why don't we make him evangelist for our new software platform?" That was they did. I was successful because I love the Macintosh. When I saw a Macintosh, the clouds parted, angel started to singing, it was a religious moment in my life. The second point is you need to hire better than yourself. A player do not hire A players. A players hire A+ players. B players hire C players. C players hire D players. And D players hire D players. If you start hiring B players, you're gonna wake up one day and be surrounded by Z players. That's what we call the bozo explosion. Fight the bozo explosion. The third point is you apply the shopping center test. The stand for shopping center test works like this. You go to stand for shopping center, you see a job candidate. The job candidate does not yet has seeing you. Let's say you're fifty feet away. At this point you have several possible reactions. I could just go straight over and say hello "Hi, how are you, I'm glad you're interviewed, we're gonna kick ass in our company, I hope you'll join our company". That's one reaction.

Second reaction is: Stanford shopping center isn't that big. If I get face to face with her, I'll say hello. Third reaction is: I'm gonna get in my car and drive to (-----Velco).

If you don't have the first reaction of seeing that person and say "Man, I've got to go over there, because I really like her, I like Tim. If you don't have that reaction, don't hire the person.

I know you, we're running out of time. What are you gonna do? Not invite me back? So. The next speaker is some Google, she has infinite money, why do you care? So, the nine thing is you need to low your bears to adoption. They are three key-ways to low your bears to adoption. The fist is to flatten the learning curve. The theory is that you plug your device in and it works. How many of you can change the time on a VCR? These are the liars of the audience. Nobody can change the time in a VCR. Flatten the learning curve. Second point is: don't ask people to do something that you yourself would not do. You know what, you may have a great Website, great content, great content, but you ask people to fill out 65 fields of personal information. To get the free password. 'aren't gonna do that. The reason why there is a laundering in this picture is because at the QI regency, there's a laundering room, at every wing of the hotel, this means one less revenue producing rental room, which means people send out less lingerie to the hotel laundry system, and if you went into their Landry room, you would see that that the washer and dryers are free. That hotel is not asking to do something that you yourself would not do. And the third point is to embrace your evangelist. These are the people who carry the battle forward for you. Evangelism is based on the word, the Greek word of bringing the good news. So when you have a great product, they would appeal people who bring the good news with your product. You need to pay them. They are people who want to change the world with your product or service. Embrace those people, create programs for them, open the kimono for those people.

The tenth thing is to see the clouds; this is about rain making and sales. Three key points, first to rip off cheer (-----) although I don't see how (-----)it is, let a hundred flowers blossom. At a start of a revolution, at the start of a company, you may see people who are not your indented customer, use your product in unintended ways. This make many people freak out "my God! The wrong people are buying our products in large quantities!" You know, we need to hire a new agency; we need to reposition our product, because they're not the customers. For one thing if you're an entrepreneur, first lesson is, when this happens, take the money. Take the money. Listen, Apple was supposed to have a spreadsheet database in our processing machine. It produced a desktop publishing machine by mistake. We didn't intend that. Desktop publishing saved Apple computer. All this (----) it was a gift from God to Apple computer. And it saved the Apple computer. I believe in God. One of the reasons why I believe in God is there is no other explanation for Apple continue survival. The second thing is you need to enable test drives to make sales. Let people take your product home, download it, somehow you're saying to people «I think you're smart, I'm gonna enable you to test drive my product". The third way to break down the barrier is to find the true influencers. Many entrepreneurs believe that they need to work at the CXO level. I need to talk to the CAO, CTO, CMO, CEO. I have found in my career, that the higher you go and most large organization the thinner the air, the thinner the air the most difficult it is to support intelligent life. So, as an entrepreneur, if you focus on CMO level people, CXO people, you would be dealing with the dumbest people. Look at text-support, secretary, administrator aids, those people really do the work, they really are the key influencers. Find those people.

And my eleven point –I'm really gonna go over time- I'm giving you a bonus to my friends at tie, this is the eleven point; don't let the bozos grind you down. They're gonna try to grind you down. They're gonna tell you "It can't work, won't work, we don't need another search engine" to Google. We don't need another search engine. Who though we don't need another search engine in the 1995. I didn't. Don't let these bozos grind you down. They're two kind of bozos : (-----) disgusting stinky nerdy danger of covered loser over person. That bozo says you can't succeed, it's easy to ignore that bozo, you look at that bozo and say "why should I believe you. You're a loser!". That's not the dangerest bozo. The dangerest bozo is skinny, dresses in black, drives a German car, brightening watch, plays ice-hockey, Macintosh power book, you know, that is the dangerest bozo. That's the dangerest bozo. Because when that bozo tells you that you can't succeed, won't succeed, it's not necessary, you might be tempted to believe that bozo. Let me give you some documented bozosity to show you how dangerous bozosity is. "I think there is a world market for maybe five computers", Thomas Watson, Chairman of IBM, he legendry said this in 1943. Five computers in the world! I have five computers in my house. I have all the computer Thomas Watson anticipated. "This telephone has too many shortcomings to be seriously considered as a means of communication. The device is inherently of no value to us." Western Union internal memo 1876. What was Western Union gonna do in 1877? Train everybody on the Morse code? But telephony had too many short commits. Western Union should be PayPal today. But how can you be PayPal today, if you roll off telephony? They roll off telephony. "there is no reason why anyone would want a computer in their home." Ken Olsen, founder of DEC in 1977. How many have a computer in their house? I don't know why, why don't you just drive out of the office and just quick in on many computer? And there my final bozosity, y own bozosity, "It's too far to drive, and I don't see how it can be a business". I said this to Michael Moritz, from Sequoia capital, when he ask me "would you like to interview for the position of CEO of Yahoo?" I told him this. At the time, my wife and I were married, obviously we were married, that's why she was my

wife, my wife and I were living in San Francisco, we had one child, my son, my second son was in beta, that why she was pregnant, and I just, I didn't want to drive from San Francisco to (----) Park every day, it was like an hour each way, and I looked what they were doing was a collection of Jerry Ang and David (----Final) as a Website, how can that be a business? Unproven team, unproven technology, unproven business model, besides that it was great. So, I said this. Now, let's suppose I didn't said this, let suppose I took the interview. Let further suppose I got the CEO Job. Then let's be conservative, let's say that I lasted only two years or four years investing period. Peter principal kick it's ass, you know, kick my ass. Two years into it and the board says "you know Guy, you've done a great job, but we now need real adult supervision. We need someone from New York or Los Angeles, who has worked with big media, who can take Yahoo to the next step. So we're firing you today." And I would have said you know, "I hope you understand, I'm not a better litigious person, but I am agent American, you cannot fire me. Right, you try to fire me, just like pulling me out of stage, you try, you, May I ask you something, if Schwarzenegger went eight minutes over, would you pull him off stage? And I guarantee, I'm giving them more information than Schwarzenegger give. So, so, okay, so now, they're trying to fire me, I tell them "you can't fire me it's California, I'm agent American. You piss me off, there would be little Japanese ladies picnicking in front of Yahoo offices". So now, they're going to executive session. They come back they say "you're right, you know, let's let's, let's not it make this a big, big brouhaha legal battle. What do you want?" I said "Oh, I'm two years in my investing, just give me four years vesting and I'll walk away happy". By my calculation, this answer would cost me two billion dollars. Now, two billion here, two billion after what you don't need to work anymore. If I have down this, today I would own the San Jose Sharks. I would own the San Jose Sharks. So, I've been thinking about this for ten years now, why was I so stupid? And I'm thinking about it, and I'm thinking about it, and I come to this conclusion: I did the right thing. For the love of my wife, for being the for my two boys growing up, now I have four children, to be there, not working eighty hours a week, not computing two hours a day, I did the right thing for my family. Right. This explains one billion. It's the second billion that pisses me off. Part it on my French today. It is the second billion. The second billion because I was a bozo. I could not see, I had Ken Olson disease, Ken Olson. I don't know, he is really getting angry. Ken Olson, what are you, a democrat? Ken Olson, Ken Olson couldn't see the next curve, I thought, I thought that Yahoo was part of the personal computer curve, not the next curve, the internet. I too was a Bozo. Don't let the bozos, oh there're really. Now, it's two on one. All right. So, this is really my last line. If you want more information like this, I have a blog, blog.guykawasaki.com. If you want a copy this presentation, it's gina@garage.com, just send an email, we'll send you a pdf, if you can't open the pdf and you're a Windows (----tofluck). And finally my (-----)buddies at iStockPhoto.com, and I'm obviously pulled off. Thank you very much.