

How to Spot Outlier Talent | Ali Partovi, Neo

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SUMMARY

Ally Partovi discusses his venture capital firm, NEO, which focuses on investing in talented individuals rather than specific business ideas. He emphasizes the importance of identifying and nurturing young talent, sharing personal anecdotes about missed investment opportunities and the lessons learned from those experiences. Partovi also highlights the significance of embracing failure and risk in entrepreneurship, advocating for a shift in mindset toward valuing people over rigid business plans.

- NEO has transformed \$150 million into \$1.2 billion, focusing on talent-driven investments.*
- Partovi's investment philosophy prioritizes people over business ideas, believing that strong founders can pivot and succeed despite initial setbacks.*
- He shares stories of missed opportunities with companies like PayPal and Google, emphasizing the importance of recognizing talent.*
- The NEO residency program supports young entrepreneurs with funding and mentorship, fostering collaboration between students and startup founders.*
- Partovi argues against traditional VC thesis-driven investing, advocating for a focus on high-risk, high-reward opportunities.*
- He believes that embracing failure is crucial for growth and encourages transparency about mistakes in the entrepreneurial journey.*
- Partovi is launching a podcast called "Confession," aimed at sharing stories of failure from tech leaders to inspire the next generation of entrepreneurs.*

Ally, how's it going? Welcome to the show. >> Thank you so much. Great to be here, Turner. >> I'm excited you're here. I just read there's an article in the Wall Street Journal talking about NEO. I think it said you turned 12 150 million into 1.4 billion. Is that the number that I saw? >> The headline there would have been 1.2. Well, that was four. That was that that's net and that's the end of end of year number. It's higher because one of the biggest drivers of that is cursor which >> has had a big step up >> since then.

>> I think there's a couple other KI was in that one too. >> No, Khi is in our previous fund. So our our first fund and our second fund >> are both on track to be 10xers or more which is >> that's pretty good. Yeah. Very very hard to do especially two times. Especially two times and especially like the second one was 2021 which is like one of the toughest vintages for >> that was a brutal vintage.

>> Yeah. >> I feel like even even hitting 1x DPI on a 21 vintage was going to be like top cortile. This is true and this was actually what led to that Wall Street Journal article because Julia Chernova had written an article about how the 2021 cohort of venture funds are all sucking and barely returning like the 90th percentile is 1.5x and

we were like >> wow >> you know we're like doing many multiples above the 90th percent you know like >> so yeah so we decided to share our numbers with her which is something we generally don't do publicly but wanted to give her like a inside look to to tell the story and and I'm really glad about how you know how she presented what Neo is. I'm much more obsessed though about like what mistakes are we at risk of making you know looking forward you know yeah >> to me celebrating returns from 2021 is obviously it's a nice pat on the back but I I care more about like what are we doing right now to add value >> yeah you can you repeat it and obviously you know you can't really go back and change 2021 like it's it's already there so and I think it so the kind of the genesis of NEO you like to back people based on talent, not necessarily the idea or the market. And I I think there's an interesting story. You didn't invest in PayPal and this kind of was one of the things that sort of kicked off this whole thesis that you have.

What happened with that with Max and PayPal? >> Yeah, Turner, I have so many stories of what an idiot I was before fully appreciating this lesson. But I'll start by saying just as a founder when I was in my early 20s, I realized how important people were. I realized that oh my gosh, you know, like the traditional wisdom for starting a business, if you were building like a if you were going to start a bookstore or a you know like retail business, the lesson was location, location, location, >> you know, >> and I realized for tech with the internet, >> there is no location. Maybe the domain, >> people, people, people. And I realized from seeing my own company grow that you could kind of predict just if you could see the first 10 people at a startup, you could kind of predict, you know, like the trajectory of that startup. I was obsessed with trying to hire people smarter than myself to build that company. And we had some unbelievable people at at that company.

Ironically, I didn't realize the kind of obvious extrapolation is that >> the best way to predict who the first 10 people at a startup are is who the first person is, right? >> And so, one of the contractors at Link Exchange, this is so we had just sold the company. I was 26, Max was 22 at that time. He was probably our best or certainly top three or four best engineers and I mean he was not always there because he was a contractor but like when he came to the office people would speak in hush tones oh my gosh it's Max Leon you know this is as like a 19 or 20-year-old that he he is brilliant and when he left to start PayPal all of us kind of looked at the surface idea of PayPal, which was not even called PayPal, it was Conffinity, and the business idea was a joke. I mean, it >> literally it could be a great skit or episode of, you know, HBO Silicon Valley, how like >> how bad it was.

>> Yeah. business idea was >> and you know besides myself Alfred Lynn my and my co-founder Tony had left to start their own fund they passed on investing in PayPal. I'd say all of us like a whole bunch of our us co-founders from that company knew Max was a genius but also thought this concept is stupid. The concept was stupid frankly but >> it wasn't PayPal. No, it was a it was a app for the Palm Pilot long defunct device. But at the time the Palm Pilot was a promising new handheld device and if I owned a Palm Pilot and you owned a Palm Pilot and if I had the PayPal app and you had the PayPal app and I had linked my PayPal app to my bank account and you had linked your sorry Conffinity, it wasn't even called PayPal. you had linked yours to your bank account, then I could send you money as long as we were no more than 2 m apart with nothing obstructing it because it used the infrared port to zap the money across with a infrared beam. So, it's just like >> really great novelty for nerds. I mean, >> cool like a cool >> This would be like a cool hackathon project. Yeah, >> but nobody even owned a Palm Pilot at that time, you know, like the total number of devices >> like four different things like Palm Pilot, link to the bank account, like be in front of someone within 2 meters.

>> Yeah. But the real thing is Max is and was clearly a genius. And you know, when I was I mean, I was 26. I think the way I thought about investing was probably how a lot of young people, young VCs think about it, which is like, you know, I'm the smartest person in the room. Let me poke holes in this person's idea. >> And, you know, this is not a good idea, therefore not invest. >> Like, you need a thesis. You need to understand the market and do all this analysis, market sizing, talk to customers, etc.

>> Yeah. >> This episode is brought to you by Numeral. Numeral is the fastest, easiest way to stay compliant with US sales tax and global VAT. It's easy to set up and they automatically handle all registrations, ongoing filings, and their API provides sales tax rates wherever you need them with all the integrations you need. Numero sports over 2,000 customers in both the US and globally, and they pride themselves on white glove, high touch customer service. Plus, they guarantee their work, and they'll cover the difference if they mess anything up.

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>> My posture now is I hope I'm not the smartest person in this room, I hope this founder, even if they're half my age, is a absolute genius. And if somebody super smart has gone all in, they've like put their whole life, their whole career on the line, even if it's a dumb idea, they'll they'll realize it. They are day and night waking up to do this thing. >> Yeah. >> If it's not good, they will change it into something that is good. Dumb people, I mean, sorry, smart people don't pursue down a dumb path very long before correcting it. Same time frame.

This was late 98, early 99. One of my smartest friends from Harvard undergrad, Craig Silverstein, he became the first employee and CTO of a new startup called Google with his >> I've heard of those guys. >> Stanford PhD buddies, Larry and Sergey. And Craig was, you know, if not the best top three strongest people in the CS department of our class at Harvard.

I I I knew he's a full-on genius. But again, same thing. I this concept of starting a new search engine, it was

foolish. Like straight up, if you if you evaluated this on the business plan at the time, there were already 10 other search engines like viciously fighting each other for market share. Yahoo was the dominant one with like 75% or something share and then there was Excite which had 13% and then it dropped down to like >> you know >> LOS ask.

>> Yeah. 3% 2% 1% you know and there were like nine or 10 public companies all >> you know at each other's throats trying to get 1% market share you know to move up that that chart and you know the idea that a few people you know coming out of Stanford with a better algorithm would somehow like this was not a business plan but it was a it was a team of superstars and So for me, having not invested in either PayPal or Google, it became really clear that, you know, paying too much attention to the business plan can actually like make you miss a superstar team and to kind of shift it to being kind of 90% focused on the people. And so yeah, so the the other story I'll share, fast forward a couple years, when my my brother Hottie said he had just met this new startup called Facebook.

>> Oh, there was like a bunch of social networks at the time. >> Yeah, there were a bunch of social networks. Facebook at the time was like an eight or 10 person company. And he described it to me. He was super excited and I was skeptical. I was like, "This sounds like a frat. It sounds like a you know, it sounds >> it sounds both like the actual house they worked in was a frat, but also it's an online fraternity. It was like an online social club for college students.

>> Yep. >> Maybe something we wish we could be young again and join, but as an investment." >> And Hadti said, "Alli, you're thinking of the wrong like forget about the idea, the people." and he described meeting Mark and and he said, "I don't think I've ever met anyone who reminds me more of Bill Gates, this, you know, 20ome 20 I think Mark was maybe 21 at the time or maybe not even 20." but he said the intensity and the ambition, he said, "I don't care what they're doing. Like, I want to invest in this team."

>> And yeah, so I I owe a lot of my own lessons to these mistakes and to my twin brother. Many of my best investments as a angel came from from Hottie. But fortunately over the course of a lot of dumb dumb decisions, I kind of reoriented. And Neo today, I started it in 2017. and it stayed true to the exact same belief, which is the belief that you can identify superstars, you can identify future tech leaders when they're still in college, when they're still young. Now, of course, it's not 100% accurate. We're talking about forecasting someone's future, but I believe it's possible to do it. and also to help help people maximize their potential, help them really grow into their potential by mentoring them and by connecting them to others and community building and and so we intentionally we spend thousands of hours on college campuses and taking one-on ones and advice sessions and so on with students, giving them mentorship, giving them advice, but also kind looking for the you know the outliers even before I raised the first fund I started selecting the first class of what we called neo scholars and it was the first class was 30 people and that in that class included the co-ound you know years later co-founders of chai discovery pika >> cognition one of the the president of cognition was is it name Mark >> yes that's right Russell Kaplan is now president of cognition was also in that first class.

>> Yeah. So I and and this in many ways drew back to my own experience where I knew when I was a college

student who the smartest kids were you know you know >> like the guy you want to do your project with you like you want him on your team for the project. >> And when I graduated actually I made a little mailing list of like seven or eight no maybe it was like 10 people to discuss startups. And this was, you know, this was when email was relatively new. The web browser had just come out.

This is okay, >> you know, million years ago. But I I had a keen sense of who the most entrepreneurial and technically astute people around me were, whether in my year at Harvard, a year beneath me, one or two from other schools. And that discussion group, like the least successful person in that group sold his company for like hundred million. and and there many people in it much more successful than myself. Darra Kazer Shahi, my my second cousin who's now CEO of Uber.

>> And so I realized I h I clearly have that ability to identify talent and >> and so Neo is very much about trying to, you know, double down on that and to scale that to make it an institutional thing. So it's not just like Ali Party's personal network. It's an institutional brand and community now. >> Okay. And I want to ask you about that, but first I guess just to level set. So NEO, it's the scholar program, which is when you're in college.

>> Yeah. >> There's a residency that we'll maybe talk about a little bit later. And that's sort of you get a little bit more money and you spend a little bit more time dedicated to this. Am I remembering this right? >> Yeah. So the residency is a kind of three to four month program with a two week boot camp and then like shared space, but it's for both college students who get a grant and for startups who get \$750,000 uncapped. So it's essentially I'd say it's a hybrid between a teal fellowship or a accelerator.

>> Yep. And it's the you know I can go into why we we ended up there but those are the two programs we have and then besides that we also just make seed investments you know we'll lead rounds in companies that aren't interested in any program you know so in fact this residency program is relatively new when we invested in companies like curser and khi we didn't have these programs the curser founders were neo scholars you know, since when they were sophomores. but but didn't go through our our like accelerator program.

>> Okay. I I want to talk about that in a little bit, but I think what's most interesting right now is so when you meet someone and you're like, "All right, how talented is this person? Like, are they going to go out and build a big startup?" Like, what are you thinking about? And what do you kind of first ask them? like what's the first thing that you say when you when you get a chance to say something to them?

>> So, it's interesting. I start by just asking where they grew up, where where were you born, where did you grow up, trying to learn about just their story. So, it's not like I'm looking for some template to match them against. I just want to >> learn who the person is. Yeah. that's definitely how I start the conversation. And I usually will then share a bit of my own story. But what I'm thinking through my head is I mean the most important thing is what I'd say is how magnetic is this person?

If this person were to start something, how many of their friends would want to be part of it? >> So that that's the number one is the magnetism >> for sure. Now, I use that word magnetic because some people could be

magnetic and very different traits, right? There's >> different ways you could do that. >> You could have someone like Michael Troll who's really quiet, almost shy, but has this kind of calm confidence about him that makes other people want, you know, drawn to him. Then you have people who are very flamboyant or just charismatic. There's a wide range of what it is. And it's hard actually hard for me to like say these are the checklist of what makes a magnetic person but it is definitely a thing and if I feel it I'd say that's super important. I'm also looking for I guess I would say risk risk tolerance like how willing are they to do something no one else has done to do have they failed before? Have they done things that show they're not afraid of failure?

So obviously failure is not itself good but the the willingness to risk you know to take take a bet take a big swing is important. How much have they stayed within the like you know within the lanes within the Yeah. within the kind of predictable path and especially for people from top universities how much are they like staying pursuing prestige you know ticking the boxes versus doing something that is you know that their peers might be afraid of doing.

I also look for an element of what I would say mischief. To be clear, that could be can go too far, but I would define it as having like a healthy willingness to challenge the rules, you know, or to see beyond the rules. Now, breaking rules, breaking laws, that's not good. >> And it's actually it's a, you know, red flag if I feel like somebody is dishonest or low integrity. But a willingness to recognize, hey, the rules, these are just man-made constructs. These are things that, you know, they might change, you know, or somebody else before us created these rules.

>> What is the, you know, from first principles, why shouldn't this exist or that exists? What if we could do this? and then figuring out how to I guess I'd say there's an element of grit there of willingness to kind of do whatever it takes to find a path to what what you're trying to accomplish. And to give some examples of this, like Alfred Lynn, who I mentioned, who was at my first startup, he was like such a mischievous little kid in like elementary school and middle school. If you listen to his stories, like I think he kept getting into trouble and for, you know, for just not for like anything really bad, just willing to try out, >> you know, try out different. I think he was like too good at math and got in trouble for that.

It's just weird stuff. >> I remember once when I was in first grade I got in trouble because we had these phonics books where you had to, you know, write in words and spell things and I got in trouble for going too far in the book. Like I was like skipping and just kept doing it >> and it was like a huge deal. And the kids in the class were like pointing at me. And I was like, I'm just I'm filling out the >> That is a perfect example because that both encapsulates what I'm looking for, but also encapsulates like how the system often, at least today, >> like shuts down people who should be encouraged, right?

>> Why the heck is there such a rule, right? Like what a silly rule. >> Yeah. I was like bored. I was just like I could sit here and not do anything or I could just keep going while there's time. >> Yeah. So I that I'm looking for the type of person who would have broken that rule rather than be held back by it. >> So but I should say I also have the when I meet someone usually they've gone through a level of technical vetting. So I I should say the prerequisite for us across the board is we invest in technical founders and we do coding tests and you know

reference checks and a whole bunch of things to just >> have like a baseline of this person is a star engineer and builder. And so all the traits I mentioned are kind of on top of that. What makes a great founder?

The way our system works is this is with college students in particular. Y >> thousands of students apply to NEO and I'd say the first pass is more of this technical assessment and we narrow it down to something like a 100 people who I would say are people that you would hire in a heartbeat. People who are like you know super strong technically and right now our label for that is neocar finalist. Then out of those hundred we then select a smaller group which has actually been shrinking from 30 when we started it nine years ago down to like 18 was the number we selected this past year.

>> Why' you shrink it? >> Because we've gained confidence in our own selection abilities. So we basically >> So you're like these the last 12 maybe we should have just done the first 18. >> Yeah. I mean obviously on the borderline no one knows but I I would say the biggest lesson for me over the last nine years is that >> myself and our team are even better than I thought at picking and so let's double down on on our own you know instincts >> when you can build anything. Amplitude lets you know how to build the right thing. Use human language to get complex answers about your products. No more manually selecting events or building charts or dashboards just to ask. Use agents to sense changes in customer behavior. Decide what's causing them and ask you if it's okay to fix it continuously in the background while you work. Get the answers you need while building directly in the tools you are already in like Claude, Cursor, Lovable, and more. And for the first time, understand if your agents actually work. Measure quality, debug failures, experiment, and measure their ROI with agent analytics. Amplitude. With AI analytics, all you have to do is ask.

But yeah, those 18, those are people that I would fund in a heartbeat. >> Like almost literally anything they do, I would write a check. And that's definitely how I felt, let's say, with Michael Truel. >> Almost from the first meeting, like really within the first 10 minutes, >> I remember thinking, I would fund anything this guy does. >> Y >> and I actually have the notes like you know, >> yeah, there's a picture in a in the Forbes article, picture of the notes.

There's like a picture of him. Yeah. Yeah. I put >> And then there's some notes scribbled on there. >> Yeah. And I Yeah. I also have like the paper and pen coding test that I gave him, >> you know. >> Yeah. Is it all written? All these coding tests. Are they all written or some of it electronic or >> So they've moved to electronic when I started it and for the first few years 2017, 18, 19, I was traveling around the country like personally giving the first pass test to people. So >> you know, it's shifted now to thousands of people. I can't do all that. So, yeah, I started out being the first line of defense, you know, the >> the first round. Now, I'm like the third or fourth round.

>> but but yeah, I should paper and pen is first of all, it's what I'm comfortable with, but it it makes it so you have to like you can see the what the person's brain is doing rather than relying on, you know, the terminal. And what I mean by that is if you write some code and it doesn't work, you can run it and be like, "Oh, it didn't work. Let me change it a bit. It still didn't work. Let me change it. It still didn't work."

There's a, you know, it's a bit of a crutch. Now, obviously, real working engineers do that and it's fine. >> Yeah. >> But, >> but this one you have to almost just like straight shot write it or you're crossing things out, right? >> Well, you write it and then I'll say like look through it and like test it in your head. Does it work? Now, having said that, I give people easy coding challenges. my I don't I never want to see somebody squirming and sweating and failing. I actually try to offer things where everybody is going to succeed.

It's how they go about it, >> how they think. I want, you know, that that's more important than whether it's a, >> you know, like >> if you give somebody a riddle where like 99% of people won't have the aha moment, you're not really learning that much. >> Yeah. now the other thing I do is I let them give me a coding test and that's Oh, really? Okay. Yeah. And so it's funny with the page where I I have Michael Troll's coding test, he solved it in like 10 minutes or less, you know, in like five lines and then I asked him to give me one and mine is like a page full of like cross outs and mistakes.

>> Do they know going into this that they're going to have to give you one? >> I don't think so. Maybe. >> Okay. Maybe in some I mean I certainly don't say that and it doesn't always lend itself like >> if the person took too long with theirs we run out of time so we might not >> but >> but yeah this actually wasn't my own idea it started with actually Russell Kaplan one of my favorite stories from the early days of Neo I you know I had just started this thing I had sort of spread the word I'm looking for top CS students who are potential founders.

>> Yeah. How did you do that again when you first kicked it off? You got you got the couple first wave of people applying. >> I'll be candid. I was pretty insecure. Like what if I fail at this? Because >> I had the you know, I told all of the people of my generation, I'm going to do this thing, you know, I'm going to go find these superstars in college. And >> you're like kind of an old guy at that point, right? Like were you in your 30s or 40s at that point?

43. I'm 53 now. so I >> I had had some success, but I wasn't by any stretch famous. And >> you know what? Am I a balding white man showing up on campus going to offer some >> Who is this guy? >> Yeah. And and also I'm expecting them to take a coding test with me when I'm not offering a job. >> That's true. >> Right. >> And they're like, "What am I applying for? How did you get I've never heard of this. Yeah.

>> But also the stakes for me. I had told people like Max Lechin and Craig Silver. I told >> the people who were preparing to fund me that this is what I'm going to do. you know, Reed Hoffman was one of our first LPs and Max and Craig and a whole bunch of people gave me money, >> you know, and said they want to be part of it and they want to be attending our events and so on and meet these, >> you know, brilliant college students that I would find. And so I was like, you had to do this.

>> Yeah, how am I like where do I start? And >> I was pretty worried like this was actually the part I wasn't sure I could deliver on. M >> I did know deeply that that brilliant students are out there. You know, >> I just was a little unsure how to go about finding them. And so I I called a professor David Men at Harvard and I was like, "Who are the smartest students at Harvard?" >> And he was like, "I don't know."

I might be embellishing a little bit, but he basically said, "Look, Ally, like I run a lecture with like 800 students and also we're teaching, you know, computer science. What you're looking for are the builders who are like, you know, like creating new projects on the side at home, not not their school work, but they're like doing, you know, their side projects that turn into a company and so on. Yep. >> That I wouldn't know who the strongest coders and so on are the same way as you should talk to like the top recruiters.

They know all our best students because they're recruiting them to go get jobs at Facebook or Google or so on. So David introduced me to Mo Usman who was a recruiter from Facebook and I had lunch with Mo. I was thinking maybe I should hire this person and you know Mo said I I remember clearly asking Mo like tell me tell me what you know how it works what do you do and he said I'm one of 250 university recruiters at Facebook and I you know when he said that I was like >> they got an army a machine over >> army yeah my first thought was I do not want to hire 250 people and he said you know we go to all these campuses and find the top students, but you probably want the rock stars." And I said, "Well, obviously that, you know, of course." And he said, "No, no, no. I mean, rockstar is a database designation we have of our of the thousands of interns we bring back each summer.

>> 12 of them get designated as rock stars based on all of their performance and manager feedback. This is literally like the top 1% of the Facebook interns who are probably get invited to >> Mark Zuckerberg's house for dinner. >> Those are the ones that we are going to be obsessed about trying to hire to join Facebook full-time. And I remember hearing this and thinking number one, I'm clearly not the only one who believes in the ability to find superstars in college. Y >> and it was actually a first full full circle moment because one of the first bits of advice that you know when my brother Hottie and I got involved with Facebook, our main advice to them was to hire superstars. And Hottie specifically told Mark, hire younger people than yourself and referred the first summer intern to Facebook back when it was like a nine person company.

And so it was interesting seeing full circle, you know, more than 10 years later, this company is so still so obsessed with finding the top talent in college. >> My other thought was, could I somehow hack the system, you know, like what if I could just meet those 12 people, skip Yeah, skip the rest. So I said, "Oh, Mo, these rock stars, >> would you happen to know any of them?" >> And he was like, "Oh, yeah. I know Willie Xiao. Oh, I know. I mean, he just literally listed off a couple of names.

Willie Xiao, Justin Rosen Bloom, and I was like, could you introduce me to them? And he's like, sure. >> And I was like, >> is it cuz they they weren't worried about you like >> hiring anyone? Yeah. >> You were just trying to meet them. >> Meet them. And it was sort of like be part of this membership where go ahead and join Facebook. Maybe in four years when you start a company, we'll invest in that.

>> Yeah. >> And in the meantime, it's like an honor. Yeah. So I remember being shocked that Mo gave me not only gave me the names but then introduced me. But then I realized if that was that easy, maybe other companies would do the same. So I was like >> I think at this time is when I thought of calling it Neo Scholars because that also sounds more like just an academic honor. >> And I just like sent out a mass email to like other founders that I was in my portfolio. So I emailed the Dropbox founders and I emailed the Airbnb founders and I

emailed you know basically the hot companies of that time. Hey would you nominate your two best interns to become a Neo Scholar?

>> And you know Nate the co-founder of Airbnb replied being like Ally I don't know who our two best interns are because it's hundreds of interns but I can find out. >> Yeah. Yeah. >> And then he emailed me back and he's like, "These are the two, you know, names that or three names that are people sent me." And I said, "Okay, Nate, can you introduce me to them?" So then Nate sent individual like warm intros to these college kids being like, "Alli is one of our angel investors.

He's awesome. You should meet with him." And that enabled me to have like the starting list. And you know like Nate's introduction I think was to like Jasper Lou who was a Vanderbilt student and I like you know I flew around the country to these campuses meeting these students and interviewing them >> and it would often be to see one kid right fly across the country. There was one kid from Vanderbilt, Jasper Lou. >> And yeah. yes. So, I I interrupted the story with Russell.

>> Yeah. >> From Stanford. Somebody had made this intro to Russell and and I show up. I actually was, you know, I was kind of dressed up cuz it was like a 4:00 meeting. Then I had a cocktail event and then I had a red eye to go to interview some students at >> Rice. Okay. in in Texas. >> Is Rice in Dallas? Where is Rice? >> Rice is in Houston, but I was hitting UT Austin and Rice. So, I had this whole, >> you know, I was literally like an expert college navigator.

>> So, I meet with Russell who was at the time interning at Tesla headquarters and I'm there with my backpack with my notebook on which I plan to do the paper and pen coding test and he says, "Want to go for a walk? I say, "Okay." So, we go for what I thought was going to be like a leisurely walk. It was like a hike on a trail, super dusty. I'm getting all sweaty and dusty with my heavy backpack. And >> it ended up being like an hour long trail hike where Russell was grilling me like, "What is your intention with this organization? What's your vision?" Blah blah blah blah.

>> Mhm. >> And at the end of it, he was like, "All right, I'll do the interview." And I was like, I'm out of time. We're going to have to reschedule this because, you know, I have a cocktail event to go to and a red eye. So we met a second time >> at COO on Stanford campus this time and this time it was for the actual coding interview and you know the he finished the the the challenge I gave him in like 10 or 15 minutes and then he's like I have a question for you and I was like what do you mean? He's like I want to give you a coding interview >> and no one had done that before and I was like this is so exciting.

>> Yeah. fortunately I love coding challenges. I do well in performance situations. Some people get stressed, but I was so excited and a bit scared. >> Yeah. >> And he's like, I'm going to give you this challenge that none of my roommates and I have have solved. And he gave it to me and I solved it in like 5 minutes. And he's like, that's just the easy level. There's this harder level that, you know, let's see how you do on that.

And that took me the rest of the hour. But I did solve it. >> Oh, nice. >> And he's like, that's how far my

roommates and I have gotten. Here's the hardest level >> that we don't know how to do. And I was like, >> again, I'm out of time. I have to leave. >> But I like I knew that like I had to solve this. >> Yeah. >> It was like I was not going to give up.

I remember going home that night, sat at dinner with my wife and kids, and my kids were like, "Dad, how come you're not speaking?" like cuz I'm like thinking in my head about this coding challenge. >> And then around like 1:00 a.m. or 2:00 a.m. I emailed Russell the solution. And yeah, and and it was correct. And he responded being like, "Oh, wow. This is right." And it was this amazing connection because both I mean I had already realized he is going to be a neo scholar. like you could tell >> he is just an unbel not just technically astute but unbelievable natural leader >> but I also realized like something clicked between us where like he saw in me essentially the older version of himself perhaps and he like >> basically he was like okay this guy is one of us doesn't matter that I'm you know twice his age or whatever and he then helped me identify the other top people at Stanford and kind of vouched for the organization >> and but yeah, I loved that interaction and so I kind of >> kept it as part of it.

>> Yeah. >> Yeah. Because it changes the power dynamic to being less about I'm evaluating you >> to more like we're >> we're doing something that even if we were like classmates, I might give you a puzzle and you give me a puzzle and >> Yeah. >> you know, like discuss it as peers. >> Yeah. And you mentioned at the first the first hike you had to leave to go to a cocktail party. I think that's kind of where you first maybe not this specific one but it was at a kind of event. I think it was a cocktail party with a bunch of VCs and then I think Steph Curry was where you first kind of >> got this idea to do NEO like kind of formalize it. What what happened on that night?

>> That's not where I got the idea. I had been thinking about this for a very long time. Like it's actually embarrassing how many years I had been thinking someone should do this. >> Yep. >> But I didn't have the courage to do it myself. >> This was like the catalyst. This >> Yeah. And how I even ended up there was a little bit ridiculous. >> I was not invited to be there. >> My twin brother, Hottie, was invited to be there.

>> Okay. >> And I didn't even know it was an event. I was like having dinner and Hottie called me being like, "Ally, I need a huge favor." It's like, "What's going on? I just missed my flight. I was supposed to be in the Bay Area tonight for this cocktail event with the Golden State Warriors. Can you go as me?" And I was like, "I'm sorry, what? >> Wait, you guys are twins, right? >> We are identical twins."

>> Okay. >> I was like, "What do you mean like literally as you?" >> Yeah. >> He's like, "No, no, not I mean, he had he hadn't fully thought it through. He's like, "No, I guess you can't literally impersonate me, but can you wear your code.org hat and just kind of look like me and my goal is to get Steph Curry as a spokesperson for code.org. You go accomplish that." And I was like, I'm happy to drop whatever I was doing tonight to go to a, you know, small gathering, not only with Steph Curry, but many of, you know, Andre Iguodala and many of the gold, like it was, I think the whole team was there.

So yeah, I was like, this is awesome, you know, hap, you know. So yeah, I dropped everything, found my code.org hat went there. And so it was this event that was kind of bringing together the players from the Golden

State Warriors with a group of VCs. Pretty sure Ben Horowitz was there and maybe Mark Andre and a number of tech leaders, Mark Beni off. I definitely felt like I'm the one who does not belong here. I definitely felt like some impostor syndrome because I'm not a VC. I mean I am a successful person but I'm not supposed to be in this room. I was not invited to this room and even the person who was I'm you know I'm here with this code.org hat which is a nonprofit like I'd say he was barely really like supposed to be in the mix.

>> You were like the sub for the guy who was maybe barely not supposed to be >> Exactly. And and I could tell because I was sort of like approaching and listening in on conversations to get the vibe and people were talking about how to make money in Silicon Valley. And specifically for the basketball players, could some of them become interested in investing or in VC in some way? And so I was like, what do I have to offer here? So I was definitely like trying to find a group of people that would let me join their conversation and definitely felt like >> yeah those awkward networking event circle things >> who wants to talk to me >> but I am also like you know I'm a persistent guy and I had a job like my brother had told me I needed to get Steph Curry so I was not going to like you know not deliver.

>> Yeah. It just took me a while to work up the courage and like Steph was obviously one of the more popular people that everyone was trying to talk to. So waiting for the window. So I went up to him and you know introduced myself and started talking about code.org which is an amazing organization that teaches computer science to K through 2 kids. It's a nonprofit with enormous impact and I'm very passionate about it. And at the same time, I had this feeling like maybe Steph isn't that interested in what I'm saying.

>> I could be wrong, but it felt like he was looking around the room to see like >> who's where do I go? >> Is there anyone cooler to talk to here? >> This guy's talking to me was nonprofit. >> Nonprofit >> education, kindergarteners, coding. >> Yeah, exactly. Now, that might all be in my head. >> Y, >> but I felt like I got to somehow save this before Steph leaves. What can I do? because I need to deliver something to my brother, some contact.

>> And and so just thinking on my feet at that instant, I said, "You know what? Computer science is actually very similar to basketball in an interesting way." >> And he was like, "Huh?" I said, "In both in both fields, you can spot the superstars really really young. you can spot somebody who has basketball talent in like eighth grade and certainly by, you know, by high school or by college, you can identify the future Michael Jordans >> and and there's an entire system in the >> in the NBA to scout and find and you know recruit those superstars. The same thing is true in computer science and often the biggest breakthroughs even at a large company are done by one person you know like for example Google is a big company Gmail was largely written by one person by Paul Bucher Microsoft is a large company Windows was initially a one-man project it was like a summer project by one person and for the outside world we don't see that we just see the final product But there is the same aspect of superstars on a team and there's the same aspect where you can identify them very young. But what's missing is there isn't you know like a system in the tech industry to find that superstar and nurture them and you know like help them accomplish their potential and when they start a company to invest in them >> and I'm going to build that. And at this moment I was basically kind of snookering myself. I was >> You had to start Neo at that point.

>> Yeah. Like literally I was like I just threw down my own gauntlet, I guess. >> I was Yeah. And I think I would say I wanted to do it, but I was basically making it so that like it's a little bit like, you know, eliminating your own outs, you know? So yeah, the the motivation was basically to get Steph Curry's contact info so I would have an excuse to follow up. >> Yeah. >> So I can tell my brother I didn't completely fail.

And Steph was like, I'm interested in this. And you know, he had a associate with him and he's like, can you exchange contact info? I definitely want to follow up. Turns out Steph never did anything with Neo. He did become a spokesperson for code.org. So, I did >> Oh, that's cool. I did deliver. >> You did actually. You hit everything you you meant to accomplish with that. >> Yes. But I left that being like, "All right, I've now just publicly or not that publicly, but I've now attached my name to this goal and I'm not someone who quits after I've said I'm going to do something. I, you know, I'll try everything possible to make it happen."

So, >> and and so maybe an interesting point to talk about code.org. >> Yeah, >> that was it's it's like still a pretty big thing. Right. So, what's the story with code.org? I know you're doing it with your brother. I think it's your brother's full-time thing. >> And deserves 99% of the credit for this thing. And it is truly I would say my 1%. When I die, it might still be the most impactful thing I've ever done.

It's unbelievably inspiring. You know, it's a it's a it's not just a nonprofit. It's also, I think, the most popular dev environment for coding because it has hundreds of millions of kids >> writing code on it. Although a lot of that is drag and drop, you know, block- based coding. But yeah, it's introduced hundreds of millions of children to coding. It's being taught in thousands, actually millions of classrooms. It is the curriculum of computer science for K through 12. It's the number one curriculum at every level. And >> is there a certain program that they use? Is it just code.org is the website or is that >> That's the website and it has like, you know, first grade level, second grade level, you know, it has like step-by-step instruction.

It yeah, the team built all this technology that starts with block- based coding. It's similar to Scratch, which is which is wonderful also. And then for the high school stage, there's like this ability to toggle where you can drag and drop blocks and then click a toggle and they like switch into real code and you can switch back. >> So you can kind of, you know, >> you can ease into it, >> ease into coding. >> Okay.

>> Where it's going, you know, today, needless to say, coding is not actually what people do as a job. It's so much of it is done by AI, but code.org is now bringing AI into the curriculum in a way of not, you know, rather than use AI to cheat, it's learn how AI works and learn how you can use AI to create. >> But I will say that this the starting story for code.org. It's pretty interesting. It goes back to something you and I were chatting about right before we started the podcast.

It started out as just a video. We were talking about launch videos. The vision wasn't even to build a giant organization. I would say this was it was kind of a side project that my brother Hottie was. We had just sold our second startup and it had been a tough very difficult you know process. I like was a company that had a lot of ups and downs but ultimately was not very successful. So this was we had come out of this failure and we're both taking time off kind of detoxing and Hadti was like you know what I'm for the next two months my project is

going to be to create a short viral kind of documentary promo for computer science >> to like >> just get more kids excited about coding to demystify it and to kind of counter the narrative that coding is like really difficult and only for losers and you know and not even lucrative because the narrative in 2012 or 13 was that all the coding jobs are being outsourced to India >> and the truth was in fact they're the most lucrative profession there is so the idea was what if we had a video with people like Bill Gates and others Mark Zuckerberg saying their story of how they learned to code and how he actually got Bill and Mark to they'll say they'll do it. And then it was easy to get a whole bunch of other leaders to to kind of participate. And he hired this production company and we put out this video that in its first week had like 10 million views.

>> It was astounding. And at the time >> it was like two college girls right in the beginning in the first scene and then they could kind of like they talk through talking to a bunch of people. when I thinking of the video >> that's >> or is a different one. There is a there is there was multiple women because it was very intentional to have kind of representative role models both y >> both of leaders and of students >> but I I don't think that's the one this is >> I mean if you it's still on YouTube it says the title is what most schools don't teach >> and the thumbnail shows >> Bill Gates Mark Zuckerberg you know it shows the famous faces >> and it just opens with each of these tech leaders saying in their own story, I was seven-year-old when I learned to code and you know and it was fun and I was building silly games to show my sister or so on >> and but the thing I wanted to draw out to you this basically was kind of a launch video for nothing. There wasn't anything else there. Okay.

>> Yeah. but some journalist called to ask about what is it you know I wanted to write a story about this and I was doing the interview with this journalist >> and they're like so tell me about the org and I was like what org and you know code.org or what is the organization what is your mission what is your long-term you know plan and we had nothing like there was nothing but I didn't want to admit that so I started spitballing we now I should say we knew about the legitimate challenges that could be solved and so I just started saying yeah we need political advocacy to change the rules to you know to make computer science satisfy graduation requirements we need to build curriculum We need teacher training. There's a shortage of teachers who can teach. You know, I just listed all these things >> as this is our mission. And the reporter basically like wrote it all into an article being like code.org's mission is this stuff. And my brother hottie was like, "What did you just do?"

You know, who's going to do all that?" And I was like, "You will." So to some extent I was snickering Hottie into like this is what now I will say I'm embellishing it a little bit because I knew deep down this was what wanted to do like he was >> also kind of a little afraid to throw down the gauntlet and say I will accomplish these things. It's it's scary for anyone to kind of >> aim high and you know say what they're going to do. So, I sort of did it for him >> and and I think he was both resentful but also a little grateful. And it's been amazing to see how how he crushed those goals.

>> The funny thing though is then for the next 3 or 4 months we were in a funk where we had just had this 10 million view launch video basically for an org that didn't exist. It was just the two of us and had literally no product or plan. It was like >> what do we do next? We don't know where do we start? We don't know. And we had something like a million people give their email address to on our website, but nothing to provide them other than that.

>> And I would say for I mean yeah from the for several months we were kind of twiddling our thumbs. >> Yeah. >> And one day Hottie called me and he was like I know what we're going to do next. and he said, you know, it's too hard to do teacher training for every school, build curriculum for every grade. All of that is, you know, one day, but what we're going to start with is one hour of code. We'll call it the hour of code and we'll build the curriculum for students to do literally, you know, one hour worth. We can build that and get other partners like Khan Academy and others to do the same thing.

and get celebrities to promote it and make it a annual kind of event. Let's do that. And and it was like this aha moment where then immediately he was like, "And if we're doing it, we should do it during computer science education week, which no one had ever heard of before, but it's the birth dates of Ada Love Lace and Grace Hopper fall in the same week in December." and he was like, "Holy we only have like 5 months left. We need to raise millions of dollars. We need to hire people." It was like instantly from like funk to like we're already behind and we need to start sprinting and yeah, and it was just amazing. And it by December we had Barack Obama posting a video and all sorts of, you know, celebrity promotion. Thousands of schools signed up to do it. I remember and we raised quite a bit of money. My brother and I each put in, you know, quite a bit of money. And I remember the board meeting before December, our board said, "Okay, what's the goal for this?" And said, "We should have 10 million people do the Hour of Code." And our board was like, "That's insane." Because, you know, like the video had 10 million views. There's a 4-minute video. Getting 10 million people to do one hour of computer science instruction is a totally different thing than a viral YouTube.

>> Yeah. Were there even 10 million people that had written code even at the time in the world? Maybe not. Yeah. >> Yeah. >> But Hadti said, you know, we have enough schools signed up and they've said they will have their whole student body do it. The key thing here was this was not going to be something just for the nerdy, you know, Asian kids or whatever, whatever you might think of as those are the coders in a classroom.

>> Y >> this is for the whole school, for the whole student body, you know, boys and girls. Doesn't matter what age or race or gender. Everyone does one hour worth. And >> you know, and so if every school who has signed up did get their whole student body to do it, we would hit that number. So, let's we should that should be our goal. >> And by the end of the week, 20 million. >> It was unbelievable.

>> That's insane. >> And yeah, >> anyway, I could go on forever, but this is really my brother's, you know, accomplishment. I could not be more proud of him. And there is a connection to Neo, though, because many of the people I'm now funding first learned to code on code.org or on Hour of Code. Like literally there's somebody we just we just funded >> you know that I met last week >> and he you know he said my first time coding was on code.org and so it's like a really nice full circle >> for me.

>> Yeah. I'm trying to think cuz my my daughters is she her favorite thing they do this it's called project lead the way >> and they do some coding in it. I've been trying to figure out based on everything you're saying if it's >> if they use the the code.org org. Any of the products at all? I'm not sure. But yeah, I mean they just it's like a drag and drop. You type in something and there's like a script. You can add music. The thing moves across the screen. Stuff happens. And she calls it coding. And when she first started talking about it, I was I was like really

surprised. I was like, "Oh, that's kind of cool. You're learning this in school." And she was in I think it was in first grade she started doing it or but anyway, and she loves it. And she's she's really into music and art and theater. And I would not have thought that she'd be really good at coding, but she is.

>> Yeah. The there's a there's basically there's a music lab on code.org. A lot of kids don't inherently think they want to do coding. They love music. They might love dance. They might love these >> other things. And in the music lab, you know, you might think of a song, but what if you could break it down into the subp parts? There's the verse, there's the chorus, >> the verse has actually, you know, >> five subverses. Each subverse has 12 beats.

>> You can, you know, in the same way you can break down any task into into subcomponents. And coding is very much about taking a intimidating, complicated task, breaking it into parts down to the, you know, to like digestible little parts that are no longer intimidating. And so, yeah, if she hasn't already, have her check out the the music lab on code.org. >> Okay. I Yeah, I don't know if she if she's used the code.org product. I'll I'll when I get back home, we'll we'll look into it.

>> I will say one thing. I'm often asked, is coding still relevant? You know, >> I was going to say because you've gone all in on the importance of computer science coding versus talk to anyone today, it's like, do you even need to code anymore? Yeah, it's I mean it's a valid question. I strongly believe it still is. But let me be clear what I mean by this. It is important to teach it to every student.

And I would say for the same reason that we teach people writing and math. Like writing is easily done by LLMs. Yet it's very important to teach people how to read and write because it teaches you how to think. It's important to teach people math. Even though I mean you probably learned the quadratic equation I'm assuming in high school. Have you ever >> learned it? I don't even remember what it is. >> Have you ever used it again? No, we don't use all the things that we learn.

But it does teach us how to think. It teaches us how to, >> you know, how to solve problems. Yep. >> I would say coding, you know, computer science in school is an even better way for kids to learn how to think >> than say factoring polomials or all this stuff that's for a lot of kids painful and they see no connection to their real life. At least with this it's like oh you can make a song or you can do something you can imagine how you could make an app and it's more fun for kids and I would say teaches teaches structured thinking and logic which are useful for many different you know potential occupations.

One analogy I would say is if you think about lawyers and law, that's in English, right? >> Yeah. >> They're not learning some new language. They're learning English. But to be a lawyer, you need to have a whole way of thinking and training and experience. You know, just because someone knows English doesn't mean they can do law, right? Practicing law is a profession. And I would say the language of software engineering is becoming just English. But to be a really good software engineer is not something that just anyone can do in the same way that to be a great lawyer. It's not enough to know English to be a great lawyer. So I'd say there's still a lot to lot of reason to >> teach computer science and to be a effective software engineer there's a lot to learn beyond just you

know like vernacular English. And then lastly, for me as an investor, I think strength in computer science is a really great predictor for strength in business.

>> And this is not because someone's coding all day long, you know, like I doubt that Satia Nadella is coding all day long, you know, as CEO of Microsoft, but he is a computer science, you know, person. And it's remarkable how many of the leaders of great companies studied computer science. I mean, everyone thinks of Bill Gates or Mark Zuckerberg as kind of the like, you know, >> like a CEO, like a businessman almost, I guess.

>> Those two have this kind of, you know, origin story as like the nerd dropout who is a great coder. But there are others that you don't think of as like a CS nerd. Like Larry Ellison is, you know, was a computer science student. Jeff Bezos was a computer science student. The founder of Netflix, Reed Hastings, studied computer science. Netflix isn't exactly a like it's not a software company. It's mainly an entertainment company. Studying computer science, I think, is just great preparation for business because it helps you with pattern matching and it helps you break down complicated things into smaller smaller elements which is relevant to thinking about a business even if you're not coding.

>> Yeah. What do you think you mentioned a little bit earlier? I didn't want to forget to talk about this. So, you talked about the importance of hiring as a founder. Yeah. >> So, obviously >> you're an investor. You're trying to figure out do I do I invest in this person? Is hiring similar? Like how should somebody think about hiring the best talent? >> It is similar. I mean I would say in both cases it's a form of forecasting.

Hiring is forecasting. M >> it's meaning you should be thinking not just can this person do this job that I need done yesterday you know >> but what will this person grow into you know and ideally could this person become greater than myself you know I'd say the the best is if you don't have an ego about it and you actually are excited that what if this person is >> you know going to grow into better than me >> the dream if you're hiring is that the stuff that keeps me awake at night will keep this person awake at night so I can sleep. You know, >> and I'm half joking like when you're a when you're a founder, you have so many things you stress about and wake up in the middle of the night being like, did I do this? What what if this goes wrong?

You know, and when you hire someone great, it's just such a relief because then you're like, oh no, this person is taking care of that. M >> I can sleep because I totally trust them. >> And it's hard to hire people who are so strong that you just know >> it's going to be taken care of. >> But that definitely is the holy grail. And it's also a mental shift when you're a when you're starting out and you have three or four challenges. The instinct is okay, how do I solve this problem? How do I solve that problem?

Let me learn how to do it myself. Whereas it's like a new muscle like who is the best person to solve this problem you know instead of learning everything and doing it yourself. >> Yeah. >> Like bring on somebody you know now of course it you can't just hire infinite number of people. So you know you need to be thoughtful about what is the right you know combination of people on the team. But eventually you want to get to where when new challenges come up in your organization. These are my three top problems. These are my three top people.

You know, you solve this one, you solve that one. I >> I can relax and not stress about it because my best people are doing it. >> And that's it's almost like a new muscle for how to think about, you know, dealing with stressful things cuz I'd say the normal instinct, at least for me, is I should figure it out myself. >> Yeah. Yeah. Yeah, I feel like a lot of times I'm talking to it'll be someone, they're maybe 22, 24, they're kind of interested in startups and they they kind of want a job at one, you know, they're kind of in that phase where they're they're thinking about it >> and they're they're really nervous about like how how do I how do I get a job? How do I I don't want to waste anyone's time. And I I usually say if there is a startup that you think looks really interesting, the founder is probably so busy and so stressed and trying to figure out all these things.

If you just reach out to them with a pretty clear, hey, this is me. I noticed you're hiring for this thing. Here's some thoughts I have on what I can do and maybe what I've done in the past. If they read that and think, oh, this person is going to fix some of these problems I have. Like, I will gladly talk to them. I will gladly take that email or however you're reaching out to them. So I feel like a lot of people to the point about like fear like almost afraid to reach out. But if you're somebody who's looking for a job at a startup and you can actually help the company, the founders are very happy to hear from you. Like they want you to help them.

>> Yeah. Well, speaking of fear, it's remarkable how how often we all kind of censor ourselves >> out of some form of fear of failure or whatever. But with respect to hiring, first of all, a little plug. We at NEO have this whole recruiting platform where thousands of undergrads in the process of applying to become NEO scholars are also we basically use the same evaluations to serve as a common app platform to apply to startup jobs cuz you know if somebody is junior at you know MIT going through a whole bunch of coding tests for us and reference checks and so on why not also make that information available to the startups that are looking for the top coders at MIT. Yeah.

>> So for folks who if you're a strong enough engineer, if you're if you think you're in the you know 99th or 98th percentile, I would say go through the NEO application process because it is a it's a timesaver because it's timeconsuming to apply to you know 10 different startups the normal way requires 10 separate sets of interviews you know and students are busy. They have midterms. They have social lives. we amortize that. So you go through one set of evaluations and then a faster process.

>> But I would also say what you just said is it's very contrarian but I agree that it's if you have a real passion for one company I would generally say put like put all your eggs in that basket. I generally would say the advice to not put all your eggs in one basket. I just disagree. Like if you know this is the place I belong, it's better to like go all in in in all sorts of ways, you know, don't cold call the founder. Figure out who you can get an introduction from. Maybe that'll take 5 days of work, but if if it's the place you want more than anything else, it's worth it. You know, get an introduction and like let it be known that this is what you want. You know, >> they don't want to hire someone who's gonna kind of just like halfass a year, like not really into it.

Exactly. They want someone who's like, "Holy this is the coolest company, product, team." >> Exactly. >> Mission, like I'm going to work 100 hours a week on this. If someone's doing scattershot like I've applied to 100 places with, you know, some AI generated, you know, like semi-personalized thing, they can tell you >> those

are super obvious. >> Super obvious. Vice versa, if somebody, you know, if it's evident that someone is doing like unnaturally extreme amount of commitment for this one thing, that's also very obvious. And other people will also want to help them. You know, it's very easy to >> get other stakeholders who want to help you accomplish something if you take that risk and you're like, "This is my dream." You know, >> so you stand out like very few other people are probably doing the same thing. They're all doing the >> shotgun approach scattered 100 applications and >> even if they are a better candidate than you, if you just put in a little bit more effort, you'll probably you would probably, you know, the odds of getting the job are much higher.

>> Correct. And you might turn out to be a better employee because better candidate maybe they're you know it goes back to hiring is forecasting right the person who is so passionate >> will they stay a few hours later at night will they show up earlier in the morning what will they grow into >> I would say the person who it's their dream is actually the better candidate as well >> so you know even if they were like a little weaker on some test or whatever.

>> Yeah. And so you mentioned this a little bit earlier, the NEO residency >> program. It's kind of it sounds like it's like an evolution of the scholar program. It's a little bit more in depth. You talked about a little bit. Can you just explain what it is and then kind of the thinking around doing this? >> It definitely comes stems from the same belief that we can identify superstars when they're still in college. And what I'd say it has in common with the Teal Fellowship is this idea of giving a young person the space to take a big swing at something they might have otherwise been a bit afraid to do and the space and the you know financial support and so on.

Unlike the Teal Fellowship, we're not forcing anyone to drop out of college and you know we're not going to ask for our money back if they return to college. So rather than like, hey, goodbye to college for good, it's take three or four months of your time, build something that you know, take a big swing, do something that you otherwise might not have had time to do, and then go back to college. So we're planning on doing it twice a year, a summer and a winter option. And it's a for the students it's a really generous grant 40k per person plus 10k of money at work in our fund. Now side by side with these students is a program for startup founders which you know I would think of it as the same person four years five years later you know with a team you know it's you know it's an investment vehicle now for us where we invest 750k uncapped and give them you know incredibly bespoke mentorship towards building their startup connect them with you know highly highly relevant mentor mentors and advisers and you know culminates in a demo day to help them raise their next round. So we have these two cohorts kind of going through the same experience side by side >> roughly I mean we're now almost finished choosing the first cohort. It's looking like it'll be around 12 startups and eight student teams. We have just like a couple of spots left.

>> Okay. >> But part of I would say it's interesting bringing these two age levels together. It's a bit inspired by if you think of universities you can have undergrads working side by side with grad students working under a you know postdoc or PhD and like ultimately a professor >> y >> every level of that in a university setting is learning from each other >> and we are kind of creating a similar thing where >> just because someone's 5 years older doesn't mean they can't learn from the college students who might be really brilliant at something and vice versa you know like Being near someone who's ahead of you or coming up following in your footsteps helps people

be, you know, inspired to to bring their best game. And and there's possibilities of interesting unforeseen combinations. Like a student might say, "Oh, my my project isn't making it, but I want to join this startup because I spent time with them and they're brilliant."

>> Yeah. So we we don't prescribe things like that, but a lot of our ethos is about just bringing together brilliant people and let good things follow. >> So is it sort of like an accelerator or do you probably don't like to think of it like that? You call it a residency? >> We call it a residency. We intentionally we used to have a program called Neo Accelerator and we intentionally dropped that name. >> It is sort of like an accelerator, but I'd say a few differences. It's really not meant to be like, you know, ABCs for people who don't know what they're doing. It's meant to be for people who do know what they're doing, for people who have have a plan, maybe already have good Silicon Valley connections.

>> Y >> and to kind of a lift them up and b bring them together with others of the same level. The other thing is candidly the word accelerator has has developed somewhat of a negative stigma and when we started Neo accelerator four years ago our challenge I mean we actually said this is to make make a new accelerator that is more relevant and and to reimagine the accelerator >> and I would say we accomplished that but the word >> still carries certain expectations of this is for people who couldn't raise funding on their own or >> like need to learn the ABCs.

>> Yeah. Needing to learn the ABCs. And it also carries the expectation that this is going to be like, you know, the funding terms will be not the best. You're giving a lot of ownership in return for whatever acceleration you receive. >> Our funding terms are freaking good. I mean, it's our funding terms are designed so that even if you have a term sheet from the very best VC, you'd look at it and be like, well, maybe I could do this first and then I'll get an even better term sheet, you know, because it's it's uncapped. So, unless you believe that your company is going to go down in value, >> you know, >> I hope no founders truly believe that at the bottom of their heart.

>> If Yeah. And if you know, we're not for them. If if somebody thinks that, you know, >> I'm going to do Neo so I can well so I can fail. I mean, maybe a lot of people do actually think that they might not succeed. >> Yeah. it's uncapped and then the the only real benefit to us, you know, I I assume your listeners know what uncapped means, but it basically means we don't know what percentage of your company we will own.

>> Yeah, there's no valu you basically the valuation that NEO gets is the next one >> at the next round, which could be who knows 30 million million. It could be a very bad deal for Neo for us. >> Yeah. >> So the the element we have that makes it a good deal for us is we get a participation right to put in as much money as necessary in that next round to get to 5% total. So what that means is your valuation could be 100 million.

That means for us to get our 5% we need to put in 5 million oral four and a quart million more on top of the 750. And we're literally getting no stock, you know, like our entire investment is at this 100 million valuation. We got we are not getting any sort of upside for discovering a company earlier and we're okay with that because our belief is that we want to invest in the company that's going to become worth 10 billion. And if that's the case, who cares whether we came in at 10 million or 20 million or 100 million? If we have 5% >> that's going to

become worth a ton, you know, and so yeah, so the impetus for us is to try to make terms so attractive that they'll attract people who could have or actually do have a, you know, term sheet from a top VC, >> but see this as a way to be part of a cohort of equally strong people and and essentially funding to get get started and raise that bigger around a little bit later.

>> so it's quite different from what people think of when they think of accelerator funding terms usually is like >> you're giving five or 10% or more away and for not very much money. You know, there are some accelerators that are truly predatory, you know, >> where it's like give up 10% for like >> 50k. Yeah. And I don't >> I feel really bad. >> Yeah. >> When I come across those.

>> Yes. But I'd also say they're accelerators that do an incredible job helping outsiders to Silicon Valley basically get access. >> Yeah. >> And it can be worth it. >> Yeah. Totally. It it really depends on what skills you bring to the table and what network you already have. >> Yeah. >> NEO residency is is not trying to be all things to all people. We're trying to find like we're trying to essentially be like the Stanford so to speak >> of accelerators for people who don't need an accelerator but who still get the benefit of community and mentorship.

>> Yeah. And one one thing that you mentioned earlier we talked a lot about your brother so many different family members. So you have a bunch of family you grew up in Iran. What was that like growing up in Iran throughout I think you moved to the US in 1984. So what was that like growing up in Iran? >> I mean the the really traumatic part was from 1979 to 84 was both a revolution and a war. Before that I had a short stint as a baby living in the US. So I I learned English when I was two. I went to MIT daycare because my dad was was a visiting professor there and my mom was getting her masters. So, >> and then they moved back to Iran.

>> Then we moved back to Iran. >> And I should say I consider myself really blessed because I was surrounded by math and science nerdy kids from a very young age, daycare center, MIT. >> But my dad was not just a professor. He was the founder of a great university in Iran, the university called Sharif University. he co-ounded and >> essentially recruited all the faculty for and Sharif today is one of the top universities in the world. In fact, there was a tweet just like yesterday about how it is the third highest source of II gold medalists.

>> really? Yeah, >> I would not have expected that. >> Yeah, you would not expect this. It is a superb university, but for me growing up as a little kid, I didn't know any of that stuff. I just knew that it was cool to be good at math and science and the other kids around me were all smarter than me. And so I I just grew up being used to like I'm happiest when I'm not the smartest person in the room. And so that I would say from my childhood is the best part.

The hardest part was a lot of these people, you know, like my my family members left when the revolution happened and I'd say like my social circle shrank quite a bit after the revolution because there was just a era of fear of not knowing what's legal and what's not, not knowing whether laws are observed or you know like what could get us into trouble. It was the country was shifting into this you know like very religious Islamic you know legal structure where you know I was always worried about what if my mom would be taken away. Why? What for? You know as a little kid you just imagine things that may not make any sense but I was constantly afraid of

coming home one day to find that my mom was not there anymore.

>> Did that happen a lot or like with other families. Did that happen? >> No, actually we had one cousin who who basically disappeared and was taken to jail. but for a woman if if their like headscarf was blown back by the wind at the wrong time when the you know police or enforcement you know was nearby they could get you know arrested or taken and punished and so on. so I was also afraid of myself being taken to the war because there was a rumor that kids as young as 12 or 13 were being recruited to the front lines.

Again, I don't know if this is true, but there's there's articles about this you can find. the the rumor was that Iran was using, you know, teenagers to clear minefields, meaning like to run across and blow themselves up. So that then the soldiers could follow in their footsteps. And there definitely was talk, you know, in fifth grade where like one kid who had the worst grades, you know, one day stopped showing up to school. Everyone said, "Oh, he probably got taken to the war." You know, >> yes.

>> Was this true or not? I don't know. But I guess I would say it's just the stuff of nightmares for for a little kid and for, you know, I was certain I'm going to get the best grades, so that's not going to happen to me. And I spent the whole time just dreaming and wishing I could be in America. >> And all your family, extended family had moved. >> A lot of my extended family had left when the revolution started in 79.

>> And so I missed them. But I also >> I mostly read English books. I knew all about American culture from reading. >> Now American culture 50 or 100 years old. So I was like reading, you know, I was reading like I don't remember what like the Peanuts cartoons. I knew all of that from reading, you know. So I was obsessed with baseball. I couldn't watch baseball, but like we had a book like the official rule book of baseball we read, you know, >> knew all the rules.

>> Yeah. All the rules. And we're trying to recreate it, you know. >> So you had you ever seen baseball be played before? No. Like let's go. >> We had a mitt. >> Okay. And then we read about like the ball is made out of like cork and leather stitched together. We're like how are we going to make one of those? but we did get our like a whole bunch of kids in our street to play baseball, you know, like my brother and I like rounded up the neighborhood kids to play. But >> my point is we admired American culture even though we couldn't see it on TV or anything. I like really wanted to be American. And I also I mean I I was by age 11 I was old enough to be able to understand the premise that all people are equal under the law. You know like the Declaration of Independence is truly a beacon for >> even fairly young people everywhere. I just dreamed of that. And >> actually one of my dad's professor friends I think it was professor Aradalan said to my dad, "Your kids are Americans. They don't belong here. like you should let them grow up where they belong.

>> But he had started this university, right? >> Yeah. Yeah. So it was tough for my dad and when we came to the US actually we were sort of separated. My mom and dad had to go back because we didn't have like proper immigration. So yeah. So I for some period of time my dad was back in Iran and then reunited with us. >> I mean how how do you think that shaped you just kind of that immigration process growing up in What I'll say, Turner, is I think that adversity I've seen it two fairly opposite ways that impacts people. Some people get

stronger and some people kind of the opposite. I'm I feel lucky that for me, the way I've dealt with adversity in my life is mostly about like if I survive that, I can survive anything and it's a motivator to me.

There are definitely other people where they are stuck in the past almost and like can't get out of a difficult experience and you know or if they had a substantial loss they just kind of wish they could have it back and >> Yeah, you just kind of get stuck in that funk. >> Yeah, for sure. And there's a lot of people from Iran who who lost wealth in the revolution who, you know, basically haven't gotten over that loss.

>> Our family, we had a lot of ups and downs wealth-wise. Like we came from one of the wealthiest families in Iran, like ultra ultra wealthy. >> A lot of it was confiscated in the revolution. And so >> I went from having like a lifestyle where like our family owned beaches and you know like vast amounts of the country to like living in a you know in an apartment building with my mom and dad to then leaving that behind to come to the US. in the US, you know, when we the first several years as a teenager, my brother and I shared a twin bed. I thought actually the reason it's called the twin bed was cuz it were twins.

>> We're twins. but it it was actually it was my mom, dad, brother, and I shared two twin beds, you know, stuck together. You know how you can >> Oh, wow. >> put two twin beds to make the size of a >> That would be That'd be a rough rough sleeping arrangement. >> Yeah. especially as like a adolescent, you know. and yeah, I learned a lot about how to avoid the middle where you can fall between the mattresses. But I had that sort of life at home.

Meanwhile, my brother and I went to one of the wealthiest private schools in Westchester. So, it was this real dichotomy. My dad and mom both worked. And I, you know, I know you shared your story with me about how your mom worked so hard and had her own business. I think it's super motivating for a growing kid to see their mom making sacrifices for them. My mom worked as a secretary by day and as a department store sales lady by night >> all to make enough money to be able to put us into a great private school. And that >> for me was an incredible motivator that I need to make this education turn into something >> and to take care of my own parents when I grow up. So there's several members of my family who I haven't really discussed it directly with them, but I can tell similarly had this motivation that like we come from a family that had built a lot in Iran and lost it and we're just going to rebuild. And yeah, so I'd say that for me and for some of my family members has clearly been a motivator. H yeah, just reflecting on that, my mom, she worked in a flower shop, a friend's flower shop. She got paid in Meyer gift cards. I don't know if anyone listening knows about Meyer. It's kind of just like a Midwest regional kind of department store, grocery store type chain. She got paid in gift cards and then she went to school full-time and then she also had her own business that she ran. So, it's kind of doing three jobs at once.

>> Oh, all at the same time. >> All at the same time. the business with the bridal custom bridal outfits, right? >> Yeah. She makes custom wedding gown. So, that's always been she's probably done that for the past >> 40 years. It's kind of been like eb and flow like just depending on the the state of life. That's either 80 hours a week or 10, you know, it just kind of fluctuates based on what she could do.

>> And then now she's doing it again full-time. >> Oh, wow. Good for her. >> Yeah. And Yeah. Yeah. So, I mean, I got there was actually one semester in college where I had three jobs and took 18 credits and that was the that was like the most intense era of my life where it was I think I was I was interning at a like a corporate finance role at a big company. I was doing I was interning at this PE firm two days a week and then on the weekends I was taking pictures at bowling tournaments with my stepdad.

Super random. I don't even know how he got into that but I I could make like a couple hundred bucks in a weekend. He basically it's like I guess bowling tournaments are like a pretty big thing and there these people there there'd be every I have no idea how these things got organized but we drive down from Grand Rapids to Cincinnati. It was always at the same bowling alley and there'd literally be every single lane like 64 lanes. There'd just be loaded up with, you know, five or six people teams.

>> And I guess I guess there's a tournament. I never actually sat and watch a tournament, but we'd go out take pictures of every team to start >> tournament. And then in the back we'd be printing and like framing them >> and and I'd walk out and try to sell them to like these these old ladies basically that were bowling. >> And I made a decent amount of money for being in college. like it was it was definitely helpful.

But yeah, I you just like learn you just do things like you just work. You fill up your time. You like for me a lot of it was I was trying to avoid student loans like and I was trying to like the first couple semesters it was I realized I was like holy cow I like \$40,000 in debt. Like I gotta then you're just like working. It's like oh cool I didn't have to take student loans this semester. So you just you kind of figure out how to make it work. I I love that story and I I will say I didn't mention this earlier when you told me when you asked me what I look for in college students.

>> Not everyone, but I just love it when I hear that somebody has had an experience where they made money doing their own thing some way >> in college and high school or younger, you know. and it it doesn't need to be technologydriven at all, you know, but this aspect of like your story of like taking photos at the bowling alley and then sell that photo to the team. >> Yeah. like just figuring out how to do something and sell it is I think it really imprints a person especially if they're younger with this confidence that like >> I can do useful stuff and make money and I'm not afraid of rejection.

>> You know, sales is all about rejection and >> getting over that >> and I think it just imprints especially a young person with like this hunger >> to do that rather than like get a normal job. >> Yeah. And it's remarkable how many stories of great entrepreneurs actually you can draw back to like even as young as elementary school they did something that was entrepreneurial. You know like my first co-founder Tony Sheay sold worms.

Why? Why worms? He had read in some magazine or some he read somewhere that the organic farming industry was like held back by a shortage of compost. Where does compost come from? You know, like there weren't enough earthworms. I think he was in like fourth grade or something, but he convinced his parents to like buy him a terrarium so that he could grow worms. Okay. >> So he could like >> make a ton of money selling them to organic farmers.

>> That's awesome. >> He didn't actually make much money from my understanding. Like it was a money losing business. >> Yeah. But just the fact that he like saw the connected the dots and wanted to do his own thing, >> you know. Fast forward to in college when we were at Harvard, he and and Sanjay, my other co-founders, ran the Quincy House Grill, which was a essentially was a studentrun burger joint >> at Quincy House. And it was passed down each year from the seniors, you know, who are graduating to the next and with a with a purchase. Basically, the the the the next generation of students had to buy it from the previous one and then like earn enough over the course of the year to, you know, whatever to make a profit and then sell it.

>> Yep. And I believe Tony and Sanjay decided as juniors, meaning like to do it >> for a two-year stint and and to put in extra money to to change it from just a burger joint to also having pizza. Like basically they were like, "If we do two years worth, we can invest in a pizza oven and recoup that and just like elevate this to the next level." and and Tony submitted a bid saying he will pay because the actually the Harvard students have to bid what will they buy it for >> and he said the next highest bid plus \$1. Basically he submitted like I will outbid everybody for this.

>> Okay. >> So he got it he did this and then the funny thing is they they made a ton of money running the Quincy House grill which was now not just a grill but pizza joint. my classmate who was who lived in Quincy House and loved pizza, Alfred Lynn, he made his own side business just going down because he lived on like the sixth floor and he would ask all like the pe other people around that floor like, "Do you want pizza?"

>> Yeah. >> And and he would like buy multiple pies and bring them up and sell it by the slice. >> Nice. And you know, and I think like it worked out to like 75 cents a slice when he bought it as a pie, but no one wanted to deal with quarters. So he'd sell it for \$1 a slice. He wasn't even trying to make a profit, but he basically made a profit >> just arbitrageing the cost of a >> of going down to the first floor, >> going down like to the first floor and bringing it back up and selling it by the slice. Anyway, my point is with these stories is that each of these people, these ended up helping me build my first startup, experiencing how to make money in some clever, sometimes stupid way. It's still I think it's like an incredible >> like incredible like predictor of future entrepreneurial success. So, I definitely look for that. Okay.

>> Whenever I meet somebody young. >> Nice. Yeah. And Maya, we did a garage sale over the summer and my 9-year-old daughter was randomly like, "I want to do a lemonade stand." And I was like, "Whoa, this is cool. Let's do it. >> By the way, running a lemonade stand as a kid, incredible margins because your parents buy everything, they do everything, and then you make all the money. Like 100% gross margin in business. >> Totally. Yeah.

>> But I'd still say it's great because you're >> getting over that fear of rejection. >> Yeah. And I made her talk to everyone. Like I just I just sat there and when someone would walk up like I remember the first person that came up, she was like she she didn't really know what to do and I was like just stand up. go talk to them, ask them if they want some lemonade. We made cookies, too.

>> Yeah. >> And I think we I don't know if we ever gave cookies away, but we definitely I mean, the cookies

were almost like >> they they both kind of fed in. Like someone would just want cookies, someone would get a cookie and then they come back for lemonade. Sometimes there'd be like little kids and the kids would want to get cookies and like the parents would get sucked in. So yeah, you definitely learn a lot.

>> Yeah. I mean, I would say the the essence of entrepreneurship. I I love the Y Combinator slogan, make something people want. It's so simple and you could say that to a >> seven-year-old or younger and they would understand it. >> Yeah. >> And it's that's basically the same thing as product market fit. Literally, >> product is make something. >> Market fit is >> something people want. But it's like >> it's saying it without the sort of corporate business school babble, you know? It's just like this is >> the essence of what building a company is. And >> you know, not all kids actually experience >> that. Oh my gosh, I created something, people want it, and they gave me money for it.

>> Yeah. >> If you experience that as a young person, I think it's really empowering. Well, then too, a lot of the times when someone like I'll have a friend who they maybe they're not as into entrepreneurship or they've never started a business and they have this idea and you think you need to come up with a business plan like you need to write 10 pages and detail all the stuff out >> and I mean that's fine. You can you can do that but also it's almost like this unnecessary friction.

>> Yeah. And to the point of just distilling it down of just you just need to make something that people will pay you money for. Like that's really all you have to do. You don't have to make it this huge fancy process, talking about innovation, business plan, etc. Like all those things are helpful, but yeah, I feel like it's just you just got to get started. Just do something, make something that people want it. >> I agree. I agree.

>> Yeah. And then also speaking about just generally jargon, buzzwords, business plan, one thing I think is always interesting when people talk about like they have like a thesis for something. Do you and kind of contrasting with everything we've talked about, you're very much it's more about the talent and the people. How do you think about having a thesis when you're going into >> as a VC? >> As a VC. Yeah. >> I not only don't have one, I would say it's it's like a mistake to have one. My my hot take is that VC fe thesis are feces.

>> Okay. >> Now, I'll say what I mean by this. First of all, I'm half joking. Our thesis, we do have a thesis. It's to invest in people. >> But what I what I'm saying is kind of BS is when you go too far in saying this is what I predict is the future of AI or this is the future of B2B SAS. you can go quite a ways like if you're a smart person predicting the future mapping out which sector will be where the value is and you can do all that and a lot of VCs publish their like their mental map of here's the landscape and here's what what we predict and first of all I don't think I'm good enough at seeing the future to do that so I'm perhaps a little insecure about putting out my own predictions But I'll also say that if you do that, you're going to miss the, you know, the situations where it's an incredible team that doesn't fall on your map. Like I said earlier, like how I thought the original idea of Google was stupid. Why would you make a 11th search engine when there's already 10 highly competitive ones?

And you know but bringing more up up to the present day when when cursor was first fundraising their

business idea was autocomplete for CAD and they we weren't the only ones they knew like I had known them since they were like freshman but at that time they were pitching multiple firms you know including the best Sequoia and Founders Fund saw the pitch And for you know I don't know whether autocomplete for CAD was on their thesis or mental map. This was before chat GPT.

So like AI you know like a CAD co-pilot. >> This is CAD like AutoCAD. >> The the idea was a co-pilot for CAD. So co-pilot for if you're designing a some piece of hardware. Yeah. Like AutoCAD. Like imagine if you're designing a gear. >> Yep. >> Which has you know like teeth going all the way around it. A gear might have like a hundred teeth. By the time you've designed like the first five, it's clear where you're going. What if it could complete the rest of the circle >> so you don't have to do it by hand?

>> You know, it was kind of can you do LLM type magic technology but for >> hardware design. >> My real point though is like I ignored all that. My whole focus was I've known Michael and Aman since they were like 19 and I would invest in anything they do. I was meeting with them regularly like trying to give feedback on their ideas. I'm not sure I was that useful at all. But I was mostly just like when will these two incorporate and as soon as they do how to make sure we get to invest. Yeah.

>> And the idea of course I would give feedback and tell them one thing was not as good or what I thought but always with the like basic humility of like I'm going to back you guys no matter what you do. and >> and they pivoted completely into being, you know, what Kerser has subsequently become. Even more clear example, Khi when they were fundraising their seed round, you know, we we led their seed round. I'm sure prediction markets weren't on anybody's thesis map, right? 2019 if you asked some like a spectrum of VCs what their thesis is you might have heard crypto B2B SAS VR self-driving cars some of these are still relevant some are not as much >> metaverse >> metaverse there was a whole range of things that VCs had as their thesis >> zero attention to prediction markets >> yeah I wonder how big the the TAM was like if you were to search up the market size of prediction markets cuz it like didn't even exist. There was like some legacy desktop websites that didn't work very well.

>> Well, specifically what existed in the United States was a nonprofit. So, it was it wasn't it was like almost a bit of a tam. It was like this is only legal in a nonprofit format and it you know and predict it was actually only licensed because they were nonprofit and had a cap on you know so it was almost like a not only it wasn't a big TAM it was like legally questionable whether it can ever have a TAM.

>> Yeah. And you know and for me meeting Tar and Lana it was like these two are brilliant and they are doing something that will probably fail but if it succeeds it'll be so huge and you know I don't want to gamble my career on something so high risk but they're doing it and you know if two incredibly talented you know MIT grads of their caliber are gambling their entire career on this all-in bet. I want to bet with them, you know. So, so yeah, there was definitely an element of if this succeeds, it would be huge, but it was more than anything a bet on the people and definitely not tied to some thesis around prediction markets.

So, so then that's of of all the things that are not people related, if you're just talking about the market thesis

aspect or whatever, it has to be if this succeeds, it's huge. So if I was really really smart and I was making like a new coffee cup lid company or something, you might be like, "Nah, that's really hard to make that a really big company." >> Correct. Yeah. My my investing is very much based on the people, but then ideas that will probably fail, but if they succeed, they'll be huge. Those are the ideas I love, >> you know, and I'm I'm explicit in saying it'll probably fail because I I don't want to shy away or give a euphemism about failure, you know. a lot of people are afraid to even acknowledge the elephant in the room, but it's a very real thing and it's the fear of failure drives a lot of firsttime founders into this corner where they're like staying within the realm of ideas that will probably succeed, but those are usually the ones that are incremental, like making a coffee lid that's 10% better, you know, versus >> think of an idea like Airbnb.

And I remember of my many investing mistakes, I missed out on Airbnb when Brian Chesy was like sitting next to me at a restaurant. Like it wasn't even a pitch, but he like pitched me and I was like, "Who the is this guy?" But Airbnb was such a like insane idea. And at that same time, I remember hearing pitches from people saying, "Oh, we have software that will make hotel pricing 5% more efficient or that will help hotels reduce their vacancy or whatever by 10%." And those are incremental type ideas. Meanwhile, this guy's we're going to replace hotels altogether. Imagine if people would just open their homes for strangers to come stay in and turn their otherwise kind of unused real estate inventory into space that they can monetize.

>> Utterly bonkers. You know, this will probably fail. But if it succeeds, it's completely like, you know, redefining a sector. So, I'm drawn to people who think that way and are, >> you know, it's dare to imagine things that almost feel scary because they're so so out there. >> So, you kind of think a lot about just like you should be attacking risk. You should be like taking on risk. >> 100%. Yeah. I you know, and I think that risk minimization is is a huge mistake.

like you should always be >> looking to maximize reward which means straight up >> look for where the risk is and steer towards it. >> In fact, I'll say the word derisk is an interesting word. You know, how do you derisk something? >> Most people when they hear that, they're thinking, "Oh, it would be so nice. It's making the risk disappear so I don't have to fear it." That's not what it means. It means do the risky thing like roll the freaking dice and if you lose, you're dead. But if you win now, you've derisked that.

>> So it's >> but to to build a startup is all about >> going allin at times when you have like you know potential existential risk and yeah starting with the business idea but also all the way through the course of building it. >> So and then it ties back to your point of like you just have to be really talented to take on the riskiest propositions. well to be talented. But I'll also say the act of doing something risky attracts other people. People are drawn to courage. People are drawn to like, "Oh my gosh, that person is trying something I would be afraid of.

>> I wonder if they'll make it. Maybe I want to join them." And by the way, I'm one of the greats is Elon Musk. If you look at his videos when he talks about things before they were successful, it's fascinating. He straight up says this will probably fail verbatim. >> Mhm. >> Regularly says that. Or another version of what he says is one of the possible outcomes is success. >> So like you remember that Starship landing where it was like the

chopsticks caught the rocket falling down out of the sky >> that first time.

>> Yeah. The first time >> that was I mean one of the greatest technological accomplishments of humankind. rewind back like three years to the video of Elon planning like saying we're going to build this and he described it. She's like, "Yeah, to whatever the rationale is, like reduce the the the weight of the rocket, the landing gear needs to be lighter, so we need to be able to catch it or something, >> but it is, you know, one of the possible outcomes is success.

>> He straight up acknowledges that this will probably fail." >> Yeah. >> But >> as long as success is a possibility, it's a motivator. And I would say that it's it's actually each person has their own way of how to motivate people and how to draw people. But >> I think the inherent thing is courage attracts other people. >> On the flip side of this, I think you I don't I don't think we talked about this yet while we were recording, but you're starting a podcast. Yeah.

>> That is about >> embracing failure really. So what's the podcast? I think you're launching it probably in a couple weeks by the time this comes out. >> Yeah. it's going to be called confession and it's going to be inviting tech leaders to share a painful lesson they've learned. Ideally something they've never shared before like some story of either an actual mistake or failure of theirs or just some difficult lesson or situation that that has stayed with them. and ideally to show some vulnerability but also to share the lesson.

>> And this stems from I have so many failures in my own career. I've tweeted about a bunch of them and it's therapeutic to share your own failure stories. But it also demystifies, you know, and it reduces >> for the for the young people, for the next generation who might look up to you. It helps kind of make it feel more more approachable to take their own risks and not to be as afraid of failure.

>> And so that's the motivation. I Yeah, I've got a I think a pretty rockstar group of initial people I've started interviewing and it's going to be coming out soon. >> Nice. What's the best way for people to follow follow that or follow you or follow Neo? Where can they find you? say following me on Twitter. Sorry, on X. My handle is >> I still call it Twitter. >> Yeah. Is a Parttovi. >> Okay. >> that's probably I mean I'm surely going to start promoting the podcast there once it's out.

>> Cool. We'll throw a link to that in the description. We'll throw some other other links. I'll I'll find We didn't even get a chance to talk about you had a couple crazy stories with acquisition by Yahoo that didn't happen. ultimate acquisition with Steve Jobs that didn't happen. We'll throw those those links in the the description if people want to check them out. >> Yeah, I've show shared those both online. The Steve Jobs one is the one that went ultra viral and it basically hinged on me lying.

>> I mean, I I up a \$50 million deal with one word that was intended to trick Steve Jobs. And that I'm saying that because that's the hardest part to admit. He had he had offered \$50 million and I responded, "I think we're worth 150." And then I changed my posture and my body language and I said, "Actually, I know we're worth 150." >> And in that moment, I was hoping he would I was hoping to deceive him into thinking we had another

offer for 150, which we totally did not. And >> but it's really important to acknowledge my intent was to mislead him >> and he totally saw through it and pounced on me and you know basically ripped me to shreds and it was very traumatic for me. I thought the job of a founder is to do whatever it takes to whatever make the company successful.

And so I >> you know yeah it was very tough. But the reason it was particularly tough is if I'm being honest with myself, you know, this company I like was struggling. And so the job of a CEO of a struggling company is inherently pretty hazardous because you are trying to make the outside world believe you're awesome when you privately know all is not well. >> Yeah. Because you're trying to recruit, you're trying to get customers, you're trying to fund raise, >> everything. Yeah.

>> And that encounter with Steve Jobs made me realize I'm probably being untruthful more often than I'd like to admit in more places than I'd like to admit. >> And I bet other people are seeing through it, but they're just politely ignoring or, you know, moving on. >> Whereas this guy pounced on me and I lost a major deal because of it. But it was a wakeup call for me that like I need to like rethink, you know, how I'm showing up across the board.

>> Yeah. After I posted that story though, I was like, you know what? I've also lost, you know, my previous startup, I up a \$125 million acquisition by being too honest. So, I shared that story online as well. I have I've >> there many ways to mess up a deal and and I've I've explored I mean, I've experienced many of them. >> Yeah. Well, we'll we'll let people if they want to check out the podcast. I think you said you're launching a couple weeks from the time this comes out and yeah, this has been awesome. Thanks for taking the time to do this.

>> Thank you, Turner. It's been wonderful to be here, >> and I hope everyone listening has had a wonderful time, too. Thanks again to this episode's sponsors. Upgrade to Flex with one of the two links in the description and get \$1,000 after your first \$10,000 of spend. Put your sales tax and autopilot at numeral.com. And for AI analytics, just ask Amplitude. If you enjoy this conversation, please like, comment, subscribe, and share this episode with a friend who should apply for Neo Scholars. Make sure to check out the back catalog of over 100 episodes with the founders of companies like Robin Hood, Sweet Green, and Mercury and investors like Gary Tan at YC and Chaan and Eric at Benchmark.

Tune in next week for my conversation with Tomas Tongus at Theory Ventures on everything he's learned getting the fund off the ground and all the emerging trends and data he's tracking in AI and venture capital. If you don't want to miss it, subscribe to my newsletter, The Split, linked in the description to get each episode, plus a transcript, emailed directly to your inbox every week. Thanks again for listening. See you next time.