

## Interview with Randy Komisar

Randy Komisar joined Kleiner Perkins Caufield & Byers in 2005 as a partner. For several years prior, Randy partnered with entrepreneurs creating businesses with leading-edge technologies. He was a co-founder of Claris Corporation, served as CEO for LucasArts Entertainment and Crystal Dynamics, and acted as a "virtual CEO" for such companies as WebTV, Mirra and GlobalGiving. He was a founding director of TiVo where he is currently chairman of the Nominating and Governance Committee. Earlier, Randy served as CFO of GO Corporation and Senior Counsel for Apple Computer, following a private practice in Technology Law. Randy holds a BA in Economics from Brown University and a JD from Harvard Law School. He is a Consulting Professor of Entrepreneurship at Stanford University and author of the best-selling book *The Monk and the Riddle*, as well as several articles on leadership and entrepreneurship. Randy frequently speaks here and abroad on such topics.

[start box] "When I look at a new idea, I first look at the context. I take a look at the trends that are out there, that sort of set the stage for success. I look for big shifts, demographic shifts, technology shifts, looking for the change that's going to create an opportunity for something new – largely to create new behaviors, or to challenge the status quo.

The context is very important. When I look at the idea, it's important to me, as an investor, that the idea have sort of a sense of inspiration behind it, that it not simple be incremental. But there's an aspiration about creating something of significance, and making some significant change for the positive in whatever realm this product is going to operate in, whether it's business to business, consumer, whether it's services or product.

Then of course, looking at the team to see #1, do I have a team that has the core skills to pull together the resources necessary to transform this idea into a real opportunity and a startup. And then do I also have a team who is going to be able to scale through the ambiguity and challenges that that startup's going to face in the near term. I seldom ask the question: do I have the team that is going to create the quote, unquote, "IPO-able company," or the large-scale business? I think that's a question that gets asked later.

More important, for me, is to find a team that is capable of operating with limited resources, with lots of ambiguity and change, who are capable of scaling to an operational level, but not necessarily to what we think about as a large company.

When thinking about successful companies I've been involved with, going back to one of the first companies that I was a part of, where I really learned to be an entrepreneur, which was Claris Corporation, with Bill Campbell. We learned to scale at light speed, building a very, very strong executive team, even before we had a demonstrable business. With great leadership, which is what I learned from Bill Campbell, we were able to build an interesting and significant business, just sort of by the willpower of the team.

That taught me an awful lot about what it takes to be an entrepreneur: the vision, the willpower, the tenacity, the passion, the teamwork that goes into building a terrific startup. When I went off and worked at Lucas Arts, and was the CEO there – when we were gonna spin that company out – we had some tremendous success in the early days of the CD-ROM game business.

That was about marrying a creative sort of non-business oriented culture to a retail distribution business model, and trying to make the fit between the creativity and the business discipline flexible enough, so that we were able to continually generate hits without interference from the business people. On the other hand, provide the business people with the flow of product that they needed to be successful in the market.

To me, the one experience there was largely around marrying these different cultures, and keeping your creativity high, while building the sufficient business discipline and process into the organization, to be able to harvest the value of that.

When I went off to do WebTV, that was a very exciting project, because we had entrepreneurs who were truly trying to change the world by bringing the internet to the television set, and consequently to a group of people who did not have computers or email at the time.

That was about just keeping up with the potential of a new idea in a dynamic market. The exuberance was all around us. It was '96, '97, '98. Our vision was one that had caught fire. Our opportunities and potential was huge. Trying to keep that contained sufficiently to build some operating excellence in the company was a huge challenge, as you're drinking out of the fire hydrant of opportunity in the late 90s.

When we did TiVo, which has similar roots to WebTV, that was a different experience, because that was a much more methodical, disciplined build. We had a team that came together that had a lot of experience in operational businesses. One of the reasons I decided to back the TiVo team was because I believed that the complexity of navigating the entertainment business, and the oligopoly that controls it, requires some sophistication.

It couldn't just be a brash young entrepreneur. It needed to be a new idea that could drive a wedge into the old opportunity. It also needed to have leadership that could diplomatically establish a win/win situation for all the players in the ecosystem.

Probably the most important lesson I've learned through all of these is the importance of subordinating your ego, in order to understand how to most effectively inspire and motivate the people around you, so that you can get the most done. Young leaders, particularly, take a tremendous amount of credit for success. What I've learned through success, failure, success, failure, success, failure in my career is how narrow the gap is between success and failure.

Consequently, I've learned to take less credit for my successes. And I've learned to suffer less in my failures. The business of entrepreneurship, and the business of startups is the business of experimentation. By nature, experimentation will lead to many failures, in terms of not being able to achieve the desired result. But even those failures have success built in them if you can learn from them, and if you can take away whatever the wins are that are available to you.

For instance, we did GO Corporation in the 1990s. I did it with Bill Campbell. And GO Corporation, from a financial standpoint, is considered to be a failure by the investors. So we did not return capital on that, even though we sold the company to AT&T. But I will tell you that the executive team there does not look at it as a personal failure. I think the quality of the work we did, the team camaraderie that was built, the successes that came out of the relationships that we established later in our lives, all three, I think, were substantial successes in what others might have perceived as a failure.

The opposite situation in my life, the corollary, was Crystal Dynamics, a game company I went and worked at, which ultimately did have a substantial return to investors, but that I bowed out of after a year of being there. I bowed out, not because it was failing, but primarily because I had no passion for the products or customers for those products.

As a result, I found that I was incapable of leading without the enthusiasm and passion for what I was doing, the value I was creating, and the people I was creating it for. So the lessons that I learned tend to be kind of ethereal and philosophical. But fundamentally, they've made me a lot more humble, and a lot more flexible, and a lot more appreciative of people, and the opportunities that I've had to work in.

You know, it's really interesting being here in Silicon Valley. Because in Silicon Valley, you by and large have 20/20 vision ten years out, meaning that you can see the forces of change at work. What you can't see are who are gonna reap the rewards from those forces, who are going to fail. The timing is tough. But you can see the forces at work.

We're now just beginning another positive cycle in the valley. The opportunities that we see are those places where technology is going to sort of collide – where the direction of technology's going to collide with the direction of the consumer, and the direction of the value proposition for the consumer and the user.

For instance, we see an aging demographic. We see technologies which are ultimately going to be able to provide them with better health, better communications, a better lifestyle. We see a mobile customer today, a mobile consumer. We see technology which is gonna provide them with services – information on the fly, anywhere, anytime. We see consumers who are now global, who need to be able to share information globally, instantly. We see technology which is going to provide them with essentially free phone calls around the world. We see technology which is going to be able to support them in outsourcing in this new flat economy, where workers in these new companies may, in fact, be distributed around the globe.

So the opportunities in energy, and healthcare, in consumer information, in telecommunications, and mobility – those are all sort of riding these tectonic plates, which are colliding into each other, as we see forces like globalization, an aging demographic, a mobile consumer match up against what these new technologies allow us to achieve in all of these areas.

My sense is that those tectonic plates are always shifting. There's new ones moving in. And the reader of this book needs to concern themselves not with what we see today, but how to discern what those opportunities look like tomorrow – how to read the river, and understand where that's going, and to find the eddies where they're gonna be able to create great, strong businesses that they can launch into the stream. That's what you've got to be able to do in the long-term." [end box]