

Good and Bad Reasons to Become an Entrepreneur

Dustin Moskowitz

<https://medium.com/i-m-h-o/good-and-bad-reasons-to-become-an-entrepreneur-decf0766de8d>

<https://www.youtube.com/watch?v=ZoqgAy3h4OM&t=9s>

<https://genius.com/Sam-altman-lecture-1-how-to-start-a-startup-annotated>

*These are my personal notes. It's **not** a full transcript of the essay/article. It's **not** an official summary. If you like these notes I strongly encourage you to read the original source in the link(s) above.*

	Myth	Reality
Lifestyle	Glamorous	Hard work, high stress
Agency/Control	You call the shots	Everyone else is your boss
Financial Outcome	Founder-sized equity stake is the best way to make a lot of money	Higher probability of a good outcome by joining a growing company
Impact	Starting a company is the only way to get leverage	An established product and team amplifies your work

It's Glamorous

The media does a great job idolizing various entrepreneurs, crowning Kings and designating Godfathers of various mafias, but this is all colorful narrative. The reality is years of hard work, throughout which you usually have no idea if you're even moving in the right direction.

There's an ugly side to being an entrepreneur, and more importantly, what you're actually spending your time on is just a lot of hard work. Basically just sitting at your desk, heads down, focused, answering customer support emails, doing sales, figuring out hard engineering problems. So it's really important that you go in with eyes wide open. It's also quite stressful.

Why is it so stressful? So a couple reasons. One is you've got a lot of responsibility. When you're an entrepreneur, you have fear of failure on behalf of yourself and all of the people who decided to follow you.

You're responsible for the opportunity cost of their time. You're always on call, if something comes up - maybe not always at 3 in the morning, but for some startups that's true - but if something important comes up, you're going to deal with it.

You'll be the Boss

Evernote CEO Phil Libin put it well last year:

"People have this vision of being the CEO of a company they started and being on top of the pyramid. Some people are motivated by that, but that's not at all what it's like.

What it's really like: everyone else is your boss - all of your employees, customers, partners, users, media are your boss. I've never had more bosses and needed to account for more people today.

The life of most CEOs is reporting to everyone else, at least that's what it feels like to me and most CEOs I know. If you want to exercise power and authority over people, join the military or go into politics. Don't be an entrepreneur."

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Flexibility

You're always on call. You're a role model. You're always working anyway.

"If you're going to be an entrepreneur, you will actually get some flex time to be honest. You'll be able to work any 24 hours a day you want!" - Phil Libin

So maybe you don't intend to work all parts of the day, but you don't control which ones.

You're a role model of the company, and this is super important. So if you're an employee at a company, you might have some good weeks and you might have some bad weeks, some weeks when you're low energy and you might want to take a couple days off.

That's really bad if you're an entrepreneur. Your team will really signal off of what you're bringing to the table. So if you take your foot off the gas, so will they.

You'll Make More \$\$\$ & Have More Impact

You believe you're extremely talented and that this is the way to maximize your financial return on that talent. Why wouldn't you want more of the cap table? This is flawed logic, since the 100th engineer at Facebook made far more money than 99% of Silicon Valley entrepreneurs.

Small slices of gigantic pies are still themselves gigantic. If you're extremely talented, you can easily identify a company with high growth potential and relatively low risk and get an aggressive compensation package from them.

Financial Reward & Impact

A Real Company	Valuation	Employee #100's Upside (10bp)	Your First Company	Theoretical Valuation	Founder's Upside (10%)
Dropbox	\$10B	\$10M	"Uber for Pet Sitting"	\$100M	\$10M
Facebook	\$200B	\$200M	"Uber for Space Travel"	\$2B	\$200M

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Comparison of financial outcomes between joining an established company that performed really well and starting your own. Notably, the table on the right assumes you succeeded.

Maximizing Impact




Adding a late-stage feature to an established company means you get a force multiplier from:

- Massive user base
- Existing infrastructure
- Working with an established team

Brett Taylor as Employee #~1500 @ Google
 - Created Google Maps

JR as Employee #~1900 @ Google
 - Prototyped chat inside Gmail

JR as Employee #~250 @ FB
 - Led hackathon project for the like button

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Examples of achieving massive impact after joining an established company.

The Best Reason

You Can't Not Do It.

This is a wordplay, you can't not do it in two ways.

One is you're so passionate about it that you have to do it and you're going to do it anyways. The passion is important because entrepreneurship is hard and you'll need it to endure the struggle, as well as to convince other people to help you.

The second way to interpret this is that the world needs you to do it. You're actually well suited for this problem in some way. If this isn't true, it may be a sign that your time is better spent somewhere else.

Lecture #1

Why to Start a Startup

Common Reasons

- It's Glamorous
- You'll be the Boss
- Flexibility
- You'll make more \$\$\$\$ & Have more impact

Ugly true

- Stress/Depression
- A huge responsibility
- Everyone else is your Boss
- You're a role model
- You're always working
- Expect 0% - 10%

the Best Reason

- You can't not do it → you need to do it ♥
- the world needs you to do it

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