



Flailing Fast A Startup Story

by Josh Cincinnati

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Originally published: February 2012. Revised: February 2014.

Dedication

To business school: for exposing both the greatest and most heartbreaking aspects of humanity --

To my family and friends: for exposing both the greatest and most heartbreaking aspects of my character --

And to you, reader, as I expose myself publicly...through writing.

Preface

“Common wisdom dictates that modern startups should fail fast and cheap. Until recently, common wisdom extolled the virtues of asbestos and eugenics. I’m uncommonly skeptical of common wisdom.” — An exceptional smart ass

I’m not an entrepreneur (anymore). I don’t run a startup (anymore). The last thing I ever programmed was ASCII Pong in DOS. I avoid risks like a parachuteless base-jumping venture capitalist doesn’t. To illustrate just how mind-blowingly scared I am of risk, I once made a wager with a friend that I would never make a calculated bet.

I won on a technicality: our agreement wasn’t very calculated on my part, and we made no paradox provision. But despite my near perfect betting record, I would be happy never to wager again. Frankly, even witnessing my schoolyard friends defiling our cafeteria with an unholy stream of Diet Coke, Mentos, and stomach bile was enough to turn me off from betting. And Mentos. Freshmaker my ass.

I’m not even a very good writer. Or fast, for that matter. It took me an hour to write those last two paragraphs, and I completely sidetracked the flow with that inane betting side-story. I routinely aim for cheap laughs. Remember that last paragraph where I hinted that my friends projectile-vomited Mentos and Diet Coke for a few dollars? I’m also not very subtle.

I’m lazy and undisciplined when I’m bored; listless and dispassionate when I find my work valueless. I can’t “communicate up” or “manage people” effectively and rarely meet the expectations of a typical “Master of Business Administration.” I’ve also never mastered anything in my life; least of all business.

If you’ve come far enough to read this, you must be thinking to yourself: “There’s a grammatical error in the first paragraph but I’m not going to tell this moron.” After thoughtful consideration (and pity), you’d follow with “Why is the author listing all these weaknesses? Don’t they make him less qualified than a consensus of successful, pedigreed entrepreneurship experts?”

Well played, reader. These kinds of incisive questions are keeping you at the front of the pack and ahead of the curve. I must say, you are front-packing the hell out of this curve. Like, you’re six-sigma’ing it right now. No, scratch that. You’re a seven-sigma ninja.

You're that good. Good show.

By now you're thinking, "The author is stalling. And why would he need to stall since he's the one writing all this, including my paraphrased thoughts? Why can't he just make his point?"

...the suspense is killing you, isn't it?

Okay, I'll bite. Like any good story, there are always clues in the beginning that foreshadow great revelations. The answer to both your questions (why I'm qualified and why I'm stalling) is simple: **I'm an exceptional smart ass**. How about them italicized first-quote-of-the-prologue apples? Not a few paragraphs in, and you've already had a Usual Suspects-grade epiphany. [Spoiler alert: the rest of this book is six standard deviations worse than The Usual Suspects]

But beyond being an exceptional smart ass, I'm also an observant smart ass. I spent a few years surrounded by a Silicon Valley business culture that seemed equal parts inspirational and absurd. I decided the absurd parts were more entertaining, and thus set out to write a fictionalized (yes, this is a work of fiction) account of a modern company's rise and fall with a distilled focus on the ridiculous, from business school onward. The great entrepreneurship engine of America seems that much more incredible when you pry open the hood to find half of it running on unicorn droppings; so why not write about the unicorn?

Unicorn feces aside, there is another reason I listed all my faults. **Because (almost) every other serious writer about the latest startup/management education du jour doesn't**. Of course, I'm a tad bit egotistical by even committing these thoughts to paper, but my ego can be fun and entertaining! Their ego has a more sinister effect.

Most of these authors (though not all) are "startup winners" by luck. Sadly, they believe, and express quite publicly to our great detriment, they were "winners" by some intrinsic skill instead -- they hide their faults and claim their good fortune as skill. They hold conferences and seminars and webinars and webexinars and god-knows-what-else-inars and get paid large sums of money for speaking engagements purely because they could rationalize their luck. Ideas that flow from their fount of felicity become "common wisdom," filter into management curriculum, and often trump common sense. It's sad, but it also makes poking fun at this "conventional wisdom" much, much easier. The very title of this work is a pun at the expense of one of these philosophies, and I'm sure it ticks off throngs of hive-minded devotees. Which means I probably picked the right title.

I'm sure much of this work will be inflammatory and derisive to people that have staked their careers and their very identity on...well, on bullshit. To those people, I say: I can't help that what you do is funny. ~~I also can't help that you have lots of power and sway, and ultimately, I'd rather not be on the powerfult's shitlist. So for now, I'm going to stay anonymous like a good Internet coward, until such time as the benefits outweigh the risks. Or some smart ass 1337 hax0r pwn's my identity. Or if someone asks nicely on reddit.~~ February 2014 Update: meh, whatever.

With that philosophizing out of the way, you're probably wondering how I'm going to dig myself out of this proselytizing hole and actually get to the meat of this tale. Keeping to my weakness as a poor writer, the transition will be done abruptly and without context. Let's hope the rest of the novel fares better.

Chapter 1: Cracking the Case Writer

“A good business case is simple, poignant, and inexorably leads to a single, biased conclusion. Naturally, a good case writer harbors a simple, poignant, and inexhaustible cynicism about the body of their work.”

They never tell you about the cold winter rain. The case writer was driving south down Rt. 280, caught between an ugly February drizzle, a looming deadline, and scores of danger-loving lunatics who somehow slipped past California’s equally danger-loving Department of Motor Vehicles and received licenses to drive. He already witnessed a BMW M5 going twice his speed inadvertently reenact a scene from Transformers; based on the gesticulations of his fellow motorists, he assumed the driver was receiving similar reviews to Michael Bay’s version.

He stoically soldiered on, still searching for his exit amidst the rain. After a long hiatus, the case writer had returned to his erstwhile home of Silicon Valley, where the roads were paved with opportunity, ambition, and BMW debris. Silicon Valley was once a familiar place for him; he had learned and done much here, but all those memories were now as faded as the hilltops patched through the fog. Unfortunately, one of those memories was his proper exit.

Cursing, the case writer left the highway and yielded to his cellphone’s GPS. Like many residents in Northern California, he was headstrong to a fault, but would invariably relinquish his stubbornness if a piece of technology could solve his problem. So long as it wasn’t made by a competitor. Thankfully, despite his colorful career, he had stayed out of the navigation business.

Getting fog-lost in a place I once knew. If I were more literary I’d say that’s a pretty good metaphor for what I’m about, back here. The case writer wasn’t literary; he meant *allegorical*, but who cares? Case writers don’t write Great American Novels. They write business school case studies.

Exhibit: What’s a Business School Case Study? Depending on who you ask, the business school case study is either the triumph of American managerial science or an evil proseplague bent on the destruction of independent, creative thought. As is usual with these sorts of things, the answer lies somewhere in the middle. Originally designed as pedagogical ammo for b-school professors, the creation and use of case studies has

transformed into a veritable cottage industry (especially when considering the case studies on cottage industries). Though experts disagree on the relative merits of the case study approach to learning, a few truths are universally accepted:

1. Case studies convince readers that entire industries, business histories, and complex negotiations can be understood in under 20 pages. Under 15 pages if you skip the useless exhibits.
2. There are no “right” answers to the problems raised in a case study. Wrong answers exist, however, and they follow a simple heuristic: does your professor disagree with you? Yes? Then you’re wrong.
3. Like all smart capitalists, professors realize they must efficiently allocate their limited resources for the greatest possible impact. For them, that means researching and espousing crack-pot theories in a strategic bid to gain tenure before the head of the department realizes they’re full of shit. The other shit, as they say, trickles down, and the task of writing these case studies (which exist to validate said theories through anecdotes) lands on an army of outsourced case writers.

Exhibit: What’s an Exhibit? An exhibit within a case study is a colorful, often useless aside that adds little value to the study’s central hypothesis but allows the case writer to abruptly interrupt the narrative.

As the case writer meandered back to Sand Hill Road, he reflected on the conversation that led him back west. It was a blisteringly freezing morning in Boston, still blasted with snowpiles on the sidewalks as the city recovered from a vicious nor’easter -- worse weather than here, to be sure, but at least they’re honest (the case writer surmised that Boston’s marketing budget was significantly less than Northern California’s, otherwise they would be better liars). He entered his worn-down office building and headed straight for the coffee machine, but before he could even visualize his fingertips warming to the touch of his thermos, his path was blocked by a rather large, rather tenured professor.

Oh crap, what now? Professor Bonhoeffer was a portly, aged professor imported from Berlin, and the director of the case writing program. His strange resemblance to Kris Kringle -- aided by his oversized red down feather jacket -- belied a sharp, easily displeased, and demanding disposition. The case writer caught his gaze and glimpsed a fire behind his eyes that could melt away the North Pole. Worse yet, he was tenured, which meant he could direct that fire at him with impunity, and he knew it.

“Interested in some warmer weather?” *What kind of fire is this?* The professor’s inquiry

was surprisingly amicable, but the case writer was wary.

“It’s February in Boston. The only thing I’m interested in is warmer weather. And warmer liquids. So if you don’t mind...”

“Well, you’re clearly not interested in delivering quality cases, that’s clear. Professor Floyd sent you back to the drawing board on the McKinsey HR case twice, I hear. At McKinsey I’m told redoing work is grounds for dismissal, but sadly, the case study that would corroborate that hasn’t been completed.” *The bite was back.*

“Ah, well, er...um, yes, quite so. I should probably get back to working on it then...”

“No, you shouldn’t. You would have done an awful job anyway. There’s another case that needs writing, and there’s no one more uniquely suited to the task than you. Are you familiar with the Dean’s ‘Understanding Failure’ initiative?” *Oh boy, here it comes.*

“Ah, I have to admit, I’m a bit behind on the interdepartmental newsletter. But it sounds like a meager attempt to appease wealthy donors who just witnessed hordes of our graduates bankrupt the economy.” He was hoping this professor’s well known disdain of the new dean would curry favor and get him the hell out of whatever he was about to ask.

Professor Bonhoeffer hinted at what an optimistic man might have called the slightest of smiles, but the case writer wasn’t very optimistic. “Your instincts are correct. And I’m sure in another year we’ll do a postmortem analysis to understand the failure behind ‘Understanding Failure,’ at great expense and with no results. But that inevitability has not yet come to pass, and I’m unhappily tasked with producing a flagship case study as the anchor to a litany of courses designed to teach failure.”

The case writer finally understood what Bonhoeffer meant by warmer weather, and he couldn’t say he was thrilled about the prospect. “So that means I’m tasked with producing a flagship case study on failure?”

“Right again. Who better to write a case study on failed Silicon Valley ventures than you?”

That old wound still hurt, but the sting was dull after so long. “Well, failure’s a bit of a strong word; some of my ventures were just ‘not successful’ while others were ‘a frivolous waste of investment capital,’ at least according to certain lawsuits.”

“We both know they were being generous. And we both know your current work has been lacking. You’re perfect for this project.” There was a hardness to his voice that made the critique and back-handed compliment seem strangely more palatable.

The case writer shivered in response, and started pleading. “Perfect is also a strong word. You know I’m no longer interested in the startup world...”

Professor Bonhoeffer was unmoved. “I’m afraid your interest and expertise are at odds. We write cases based on research dollars, and however stupid this initiative may be, we have the funding. You should be happy the Dean is funneling money into this, otherwise you might have suffered something worse. Be glad you don’t have to add another failure to your repertoire so soon. You’ll be flying out west by the end of the week.” With an air of finality, the professor handed him a nondescript manila envelope, turned on his heels and left the case writer standing in the hallway.

Well, that’s checkmate. Even if I decline, in a year I’ll get the axe when this whole “Understanding Failure” initiative goes to shit, as Bonhoeffer believed it would.

Resigned, but at least warmer, the case writer returned to his desk, coffee in one hand and envelope in the other. While sipping his coffee, he opened the envelope gingerly, as if the contents might poison him. As he read his assignment, comprehension dawned, and he nearly choked on his coffee from laughter instead. *I should give the professor more credit. Well, hell, if the music’s playing...*

His mind snapped back to the present as his cellphone’s GPS announced that he had arrived. The apartment complex was a typical sprawling Californian affair; more buildings than you could count, low Spanish roofs, and an ambiance that screamed “we effortlessly waste space.” The case writer parked his rented car, grabbed his messenger bag and found the right building, surrounded by a completely purposeless (and entirely unusable) field of low-hanging trees and short-cut grass.

As he approached the building, he couldn’t help but smile. He felt the faintest touch of optimism, a feeling almost forgotten since his myriad of failed enterprises. As if to validate his rediscovered emotion, the rain stopped and the sun peeked through the clouds. Still smiling at his fortune, he knocked on the apartment door. Moments later, he was greeting the primary source for the case study that would get him fired.

Chapter 2: Meeting the Broken Businessman

“Acquiring business acumen closely resembles learning to juggle knives. Anyone can become a master, but only the especially masochistic will persevere. You also may lose a few fingers along the way.”

The case writer surveyed the single bedroom apartment as he waited for his tea. *Seems tidy.* The apartment was an exercise in minimalism, best described by what it didn't have. No messy whiteboard with the faint traces of permanent marker mistakenly applied. No Hollywood movie posters or ironic Soviet-era propaganda. No over-sized furniture or exercise equipment. All the accoutrements -- a simple desk, chair, couch, and featureless coffee table, all black -- served to remind you that it wasn't quite empty enough to achieve zen. It was even empty of emptiness. The entire place fell into a feng shui limbo -- in layman's terms, it was pretty creepy.

“Nice place,” he called to the kitchen as he heard the water boil. “Very...efficient.”

“Thanks,” his host called back. “I hope you like your tea green. And hot.”

The case writer didn't, but withheld his complaint silently. His host returned to the living room clutching two black featureless teacups in his left hand. He seemed the prototypical entrepreneur. He was in his late-20s, average build, maybe a little taller than most, with dark scruffy hair and a matching unkempt beard. His face was made complete with thick-rimmed black glasses, and was wearing the standard plaid and jeans garb of the self-starter caste. Nothing really to distinguish him, until the case writer glanced at his right hand, which seemed to be missing its two lower digits.

The host caught his stare as he set the teacups down on the coffee table. “Juggling incident. Next time I'll stick to torches.” He pulled up his right sleeve with a sly smile, revealing a nasty pink burn scar.

The case writer chuckled as he cautiously sipped. “Maybe you shouldn't have a next time?”

“And miss the thrill of unanticipated amputation? You clearly aren't a juggler.” The young entrepreneur was strangely whimsical for someone who had lost two fingers. Then again, he was a juggler.

“Not anymore anyway. And never with knives, though I lost a fair bit more than my fingers, I’m afraid,” the case writer responded. He should have expected a witticism pissing match, but was more concerned with getting his source material than one-upping hotshots.

After a long, contemplative sip of tea, the entrepreneur understood the confrontational portion of their tete-a-tete was over. “Haven’t we all?” He revealed a hint of something the case writer recognized; this man had been sucker-punched by the invisible hand of the market. Invisible, but it leaves a mark. “But you came to listen, yes? About Tootly?”

The case writer thought over his next words carefully. After a few seconds, he had internally crafted an elegant, tactful response that would craft an enduring bond of trust between them. In his extreme focus, he neglected to keep track of his scalding hot cup of tea, which casually spilled on the side of his khakis, destroying his inner monologue and forcing him to blurt out, “Yes, Tootly! And its failure.” Whoops.

Our entrepreneur shrugged with a brave smile, swallowing the case writer’s curt response like a child forcing down a bitter elixir to impress his parents. “And its failure. So that others may learn from Tootly’s mistakes?”

The case writer was too distracted from the pain of hot tea on the upper thigh to construct an appropriate response, and spoke honestly instead. “I’m afraid I’ll be the only one who will learn anything. More likely, it will be carelessly tossed into a ‘well rounded management curriculum’ and summarily dismissed by our success-crazed graduates. Apologies.”

The entrepreneur betrayed no surprise, but some of his smile was gone while he fetched napkins for the case writer’s spill. “Ah, well, that’s just as well. Perhaps retelling the story will help me build perspective -- a trait I find lacking in most. Not that I’m much better; I find that I’m occasionally out of...touch?” His smile returned as he wiggled the remaining three fingers on his right hand.

With that, the case writer felt they had recovered a baseline of amicability. He set down his dripping tea cup and took out his laptop. “I’m glad you’re optimistic. And who knows, you may get a speaking engagement or two for your trouble. Mind if I record our conversation as well?”

He looked about to laugh at a joke only he knew, but kept his composure. “Yes, why not?”

A recording nearly made me rich once, wouldn't want to pass up that opportunity again. So what do you want to know?"

"Everything, for a start."

"That's not a very helpful starting point."

"I'm not a very good interviewer."

He sighed. "Well, let's try to constrain things a bit. 'Birth to expected death' everything, or 'how I co-founded, built, and grew a mobile app company based purely on novelty, only to watch it implode' everything?"

The case writer considered for a moment. "Birth to death would be droll but unhelpful. The latter sounds more edutaining."

"Fair enough; your interview. In that case, for perspective's sake, we should probably start a tad bit earlier. I didn't even know I wanted to be an entrepreneur until business school."

The case writer brought out his notepad. "Did you really want to be an entrepreneur in business school? Or was it more about not wanting to be a consultant, banker, or middle manager?"

The eight-fingered man laughed. "What did you not want to be?"

Chuckling, the case writer brought up his laptop's audio program and started recording. The interview lasted well into the evening, and he returned to his hotel room, content as a dread pirate after a particularly fruitful raid. The next morning he traveled to Coupa Cafe in downtown Palo Alto; the case writer, like many self-starters, worked best under the din of other procrastinating cafe patrons. He wrote the bulk of his case writing opus while tasting Guayoyos (pretentious Venezuelan Americanos), fruit tarts, and the faint aroma of nostalgia.

Chapter 3: DCSTAF (Destroying Common Sense Through Acronyms and Frameworks)

“70% of business school revolves around memorizing frameworks and acronyms which all MBAs privately believe are useless. Publicly admitting they are useless would force all MBAs to admit that a large percentage of their education was without value. Thankfully, most do a quick SWAG (scientific wild ass guess--seriously) and decide to keep shut about it.”

How Tootly Ran Out of Gas: A Case Study (First Revision - 2/22/11)

Jacob Stern was a keenly observant business school student too young to be jaded and too old to ignore ambition. He was, in his words, “too smart for his own good.”

Consequently, he spent the better half of business school questioning the value of business school. Luckily for us, he kept good notes. “By the end of my first year, I had learned that most of my experience followed Pareto’s Law.”

Exhibit: Pareto’s Law. Pareto’s Law states that 80% of the results come from 20% of the effort. Named for a lazy economist who only finished 20% of his research papers, this “law” never had enough evidence to call itself a “law,” but Pareto had a pretty good marketing team, and thus put all questions to rest.

Jacob admitted, “I must have learned Pareto’s Law from one of the 20% of classes that were actually useful. But I don’t begrudge the other 80%; without those experiences, I wouldn’t have sought out entrepreneurship, and wouldn’t have co-founded Tootly.” Stern’s old notes on the 80% demonstrate the frustrations that led to his unorthodox path.

Microeconomics: Taught by a professor supremely confident about their understanding of the world. Typically proven wrong every 10 years, but never in the classroom.

Macroeconomics: Taught by a professor supremely unsure about their understanding of the world. Typically proven wrong every 10 minutes, usually in the classroom.

Accounting: Criminally boring but universally regarded as important. Appeals to the perfectionist who demands compliance in their business dealings. Or the maverick who exploits accounting's mile-wide holes. Both will likely be indicted in some sort of accounting fraud in the future, thanks to Sarbanes-Oxley, making the entire idea of becoming an accounting expert a lose-lose proposition.

Financial Markets: Where Microeconomics and Macroeconomics are distilled into supposedly practical "real-world knowledge." A key example of the course's pragmatism is the "Efficient Market Hypothesis," an idea most elegantly proven wrong by the fact that a professor is paid \$200,000 a year to teach it.

Human Resources: In this class you'll learn how to dehumanize people as resources through the use of rewards and punishments. Outside of Financial Markets, the most efficient way to lose your soul.

Organizational Behavior: Ostensibly the study of advanced psychological techniques to bend large groups to your will, you wind up spending most of your time playing with legos, blocks, and fingerpaint to teach "team building" amongst adults. Colloquially called "Kindergarten Pro." Strangely one of the most accurate representations of team building in modern business.

Operations: You learn how things are built but never how to build anything. You'll discover concepts like "bottlenecks" and "critical paths," but -- critically -- you'll never recognize the mental bottleneck keeping you from a path of true understanding. You'll marvel at displays of technological sophistication but have absolutely no idea how to replicate any of it.

Marketing: Better described as "how to convince a consumer to buy damn near anything, usually against their self-interest." Also known as "Advanced Lying Techniques" or "How Republicans Win Elections." Biggest takeaway: never trust advertisements, PR agencies, or corporate executives.

Ethics: A class created by business schools to absolve themselves of any culpability when their graduates engage in evil, unethical things. Otherwise, serves the practical purpose of teaching you how to get away with doing evil, unethical things.

Strategy: The crown jewel of every business school's core curriculum. Strategy synthesizes all other courses into a glorious edifice of oversimplifying

frameworks/acronyms steeped in a loose foundation of rancid, steaming bullshit. It's no coincidence that an MBA is sooner called a "Master of Bullshit Acronyms" than a "Master of Business Administration." Strategy also holds many esteemed awards, including Most Frequent Abuser of the Case Writing Method, and Most Loved Class by Fortune 500 CEOs.

Jacob remembered Strategy most vividly. Unlike many of his consultant classmates, he refused to swallow the blue pill. "I couldn't for the life of me tell what SWOT analysis -- Strengths, Weaknesses, Opportunities, and Threats -- had to do with any business' success. More likely, I believed that SWOT and (the nearly equivalent) Porter's Five Forces achieved success because a few professors convinced a couple CEOs that they knew what they were talking about, and turned out to be lucky. The entire 'analytical' component of these frameworks is purely subjective. For example, there's this old case from the early 90s where a professor uses Porter's Five Forces to demonstrate that being a dominant player in the *newspaper* industry was a *near-perfect business*. Why the hell do people still teach this shit? We praise the survivors of framework roulette, and we call it management science." Jacob received a particularly low grade in his Strategy course.

Part of Jacob's recalcitrance to believe the majority of his business school coursework came from his engineering background (he was a mechanical engineering undergrad) and his time spent teaching high school calculus after college. He was, as they say in the parlance of business school, "a bit of a quant." He preferred numbers and hard facts, but had an unnatural faculty for public speaking and leadership -- a rarity for most obsessed with numbers. A few of his peers suggested that he consider something broader than teaching, and his ambition got the better of him.

Initially he regretted that his ambition was cashing checks his disposition couldn't afford, a feeling strengthened by his first-year internship interviews. "The career counselors told me I didn't have a very strong background for anything in particular, so I should consider consulting." Jacob confided that he hated the consulting interviews even more than the curriculum. Typical consulting interviews included a brief case study and a variety of mind-numbingly stupid challenge questions, designed to "test how you think." Jacob kept some of his favorites:

- Why are manhole covers round?
- How many golf balls could fit in the \$3,000 suit I'm wearing?
- Evaluate this statement: all roads lead to Rome.

- If you're on a train heading to New York at 48 mph, while another train is heading toward Baltimore at 42 mph, how long until you regret not taking the shuttle flight like a real business pro?

Jacob routinely responded to those questions with his own, usually along the lines of "How many consultants does it take to change a lightbulb?" Naturally, he rarely passed the first round of interviews. One firm seemed tickled by his pugnacity -- only to deny him a job when he revealed the answer to his question ("It's a trick question; you don't hire consultants to enlighten anything").

Despite his disappointment with most of his coursework and his lack of a summer internship, Mr. Stern was still optimistic as he concluded his first year in business school. "The other 20% was worth it." There were many classes that he cherished above others: Entrepreneurship, Venture Capital, Managing Growing Businesses, Early Business Negotiations...these subjects spurred him to consider a career where his work could have a real impact, where he could manifest his vision for the future. He met founders and venture capitalists and was routinely starstruck -- to the point that, even Jacob admits, "I let much of my guard down; I wasn't nearly as rigorously critical of these classes as I was with others."

Guard sufficiently down, Jacob began to approach the idea of entrepreneurship more seriously as the summer rapidly approached. But he knew (or at least, believed) from many of his courses that he'd need a co-founder, or a few, for any chance of success. "Not to mention a valid business idea," he admitted, "but like most entrepreneurs, I thought that people were more important than the idea, and confident as I was, I thought I was the shit."

Jacob Stern didn't discover his shit counterpart until his lazy, unemployed summer. Unexpectedly, it was during an equally shitty networking event.

Chapter 4: The Asocial Network(ing Event)

“There’s a slight distinction between networking and prostituting yourself. One is legal and risky, the other is illegal and a good source of income. They both leave you feeling dirty.”

Jacob found himself in a button down shirt and blazer at the Entrepreneurship Club’s sponsored networking event in downtown Palo Alto, still wondering how his roommate convinced him to come. “My roommate claimed I wasn’t going to create the next big thing staring at my Macbook while chain-eating Jack in the Box burgers in my underwear. I disagreed, but I was bored and didn’t have much to lose.”

It was July of 2008, and Jacob had been spending his internshipless month brushing up on mobile application development. With his prior engineering experience, he was a quick study, and he (rather presciently) identified iPhone app development as a potentially lucrative market. Apple had just released the iPhone 3g and started allowing third party developers to submit their own apps. Jacob had a gut feeling iPhone apps were going to be huge, but which apps he couldn’t say. His gut could only predict so much, and recently it had been preoccupied digesting Jack in the Box (to be fair to his gut, that’s a full time job).

Beyond boredom and his roommate’s pleas, Jacob had other reasons for attending. While he was liked well enough in entrepreneurship circles at business school, he tended to piss off everyone else. “When I’m cynical, I tend to be vocal about it,” he admitted. Many of the notes on his so-called “80% list” he purposefully leaked to other students, and it was not as well received as he hoped. “Apparently, you can really piss people off if you call 80% of their \$150,000 investment worthless. In hindsight, that kind of makes sense.”

Consequently, Jacob needed to meet new people. He was still looking for that “perfect co-founder.” He was also sick of being viewed as an outcast and was desperate for some kind of camaraderie beyond his roommate’s gentle nudging. His first attempts to branch out included attending other graduate schools’ mixers, starting with the computer science department. “Honestly, that didn’t go well. When people learned I was from the business school they got pretty cold. I’m guessing some of my classmates left a lasting impression when they hired CS students as codemonkeys instead of treating them as peers.” Jacob tried other departments with little luck; though through sedulous schmoozing was cast as an extra in the drama departments’ summer showing of

Candide. “A minor victory, but their love of Voltaire didn’t parlay into any entrepreneurial desire. I wasn’t exactly in the best of all possible worlds.”

Without a strong social circle, Jacob slowly descended into his own personal state of nature: half-nakedly staring at computer screens while violently inhaling \$4 cheeseburgers. He finally yielded to his roommate’s suggestion that this was unhealthy, if only grudgingly, by attending the Entrepreneurship Club’s summer networking event.

Exhibit: Networking Events. Ostensibly a venue to meet new business connections, a networking event is actually where second or third-degree connections do their best to hide their personality and emulate their resumes in real life. Some will even vocalize their resume’s bullet points without prompt or warning. Imagine browsing LinkedIn, but without the convenience of ignoring irrelevant or annoying communication. You’ll collect hundreds of business cards that will become out-of-date in a year. Worst, you’ll rarely (if ever) feel comfortable enough to be yourself.

Jacob hated networking events almost as much as he hated dressing up. He was hopeful that this one would be different, given the event’s sponsoring group, but his initial impressions were not favorable. His first conversation was with a consultant trying to make entrepreneurs feel poor to compel them to interview with his firm. Like most consultants, his attempted subtlety was laughably crude and reeked of false humility. Jacob snapped after hearing how “he was in the poor house with his BMW repairs” and decided to tell his lightbulb joke. The consultant politely excused himself from conversation.

Next, Jacob was chatted up by a tall, pants-suit wearing woman who must have been a second-tier venture capitalist. When she handed him her business card, he read an unrecognizable company name and felt an exquisitely expensive paper stock; a clear sign of insecurity about her place in the pecking order. He was, however, pleasantly surprised by how straightforward she seemed. He recalled the conversation.

“You’re working on your own project? In what field?” she asked.

“iPhone app development. Just started a month ago.”

She seemed slightly intrigued. “Any funding yet? Give me your elevator pitch.”

Jacob was uneasy at this point. “No funding really, just getting started. I don’t have an elevator pitch.”

“You need an elevator pitch. How else will you get funded? At least you have a rough draft, right? What are you planning on building anyway?”

Jacob realized this wasn't going well. “Still figuring that out.”

“Ah. Well. When you do, let me know. We've been fielding a large number of requests for mobile companies with our latest fund. Would be tough to find a spot for you, especially without any idea what you're actually building.” She left him there to mull on that thought, not unkindly, though he wondered whether she had money to dole out. Second-tier venture capitalists had a tendency to speak with greater confidence than their top-tier peers, in spite of being one bad investment away from insolvency.

Several conversations later, Jacob was convinced he wouldn't find his co-founder here. Outside of the refreshing chat with the venture capitalist, all he saw were “empty suits and emptier minds.” He decided to wait out the remainder of the evening hovering around the appetizer table; in addition to being far from the networkers' bleating, the table was conveniently refilled with cheeseburger sliders, which made Jacob feel far more comfortable. As he was about to chomp down on his eighth slider, a bearded, resigned looking man drifted to the table and appeared ready to start his own cheeseburger marathon. He looked just as uncomfortable as Jacob in his french cuff shirt and tie, and had already unbuttoned his collar.

Jacob's hope returned with his heartburn, and after recovering and setting down his slider, decided to try being himself. “I remember asking him ‘Do you hate this as much as I do?’ He laughed, and replied, ‘More. It probably took me longer to put this damn shirt on. I never get cuffs right.’ I then noticed he had safety pins in lieu of cuff links.”

He knew immediately they'd get along. They left University Cafe and went to the cozier confines of Coupa to continue their commiseration, sharing the evening's conversations like war stories. Before long, he knew he had found a co-founder. Jacob still can't believe they found each other at a networking event. “I had misjudged networking. Now I know networking is worth 99% of the crap to find the 1% that proves worthwhile. You could call it an extreme application of Pareto's Law. Pareto was pretty astute for being so lazy.”

Chapter 5: A Serendipitously Stinky Scenario

“Serendipity is a mercurial muse. She’s like an unbalanced, crazy ex-girlfriend, only slightly less random. Sometimes you mistake her repeated favor as inherent skill, and sometimes her absence as an intrinsic flaw. She deserves neither characterization. When her fortune favors you, be glad; otherwise, fart in her general direction.”

Jacob Stern and Ben McDougherty, both visibly uncomfortable in their dress shirts, sat in Coupa Cafe at nearly the same table where this case was written. Jacob recalled that evening’s conversation with a certain measure of lucky satisfaction. “Meeting Ben was a revelation. I felt like I had been struck by lightning, only, you know, not fatally. Speaking with him was just electrifying....but again, not in a way that would be harmful. I was just positively charged up afterwards. But again, not in a way that would lead to a dangerous electric potential.”

Jacob learned that Ben shared a similar skepticism with his education. Ben had graduated from business school a year prior, and until recently worked as an Assistant Associate Product Marketing Manager for Business within Google’s Eastern European AdSense Division for Education. He finally left after he decided he couldn’t figure out what his actual job was. Business school was, in his words, “two years of confusion that led to a job with no clear responsibilities, other than being an adequate scapegoat for managers above me.” Before school, Ben had been a developer for a monolithic government contractor, coding very tiny pieces of products for purposes unknown (apparently work was done blindfolded for the sake of national security, but Ben suspected his managers hoped to make programming exceedingly boring to create docile, malleable employees).

Like Jacob, Ben received the startup bug from his favorite business school professors, but unlike Jacob, he had delayed scratching that itch to “mitigate risk.” He had more student debt than Jacob, and rationalized his ascension to corporate cogdom by using his steady salary to methodically diminish his student loans. He had lived a spartan lifestyle otherwise; Ben refused temptation by “golden handcuffs” as he received promotions (for being a particularly good scapegoat, he guessed).

Exhibit: Golden Handcuffs. The phenomenon of becoming so comfortable with a progressively more expensive lifestyle that it becomes psychologically impossible to leave your career, no matter how unethical, awful, or unhappy it makes you. You are

“chained to your gold.” When caught or indicted, it’s the excuse typically claimed by millionaire embezzlers, hedge fund swindlers, unethical consultants, drug dealers, and King Midas.

Ben’s desire to absolve himself of debt once sustained him, but that resolve melted away when he spent 60 hours a week wondering how the hell he could validate his salary. Outside of being a great person to receive condemnations by managers whose only duty revolved around hiring and firing scapegoats, Ben wasn’t sure he was adding any value.

And so he left. He had little idea what he was going to do next, but couldn't stomach a job having little idea of what he was doing. Ben figured a bit of economic uncertainty was a worthy price for eliminating meaningless day-to-day toil. “The moment I quit, I embraced uncertainty. It seemed natural to try my hand at ‘aspiring entrepreneur’ after that,” Ben recalled.

After they caught up on each other’s histories, Ben and Jacob decided to continue their discussion at In-N-Out Burger (given their chance meeting at the cheeseburger slider table, it was only a matter of time before they discovered they shared a love of the Californian fast-food standby). At a deserted parking lot in Mountain View, Jacob convinced Ben of the huge potential of iPhone apps, and the two agreed to join forces over two Double-Doubles done Animal Style. Jacob was ecstatic; they seemed a perfect fit. “I knew it was a sudden decision, but at the time I was convinced that gut decisions were usually right. Of course, I had also just read ‘Blink’ and was feeling a bit funny from eating so many damned cheeseburgers, so perhaps I was predisposed to making snap judgments.” Jacob put their early success to that split decision, but in retrospect, he realized they “...were just lucky. At least, for a time. I mean, we were both suffering from meat sweats. That’s never a good time to make a decision.”

The next day, Ben and Jacob met at one of the many breakout rooms available at the business school and proceeded to furiously brainstorm ideas on whiteboards, flashcards, and any surface that appeared washable. They threw out ideas like a garbage man disposing trash, except the trash was generally more valuable. Here’s a smattering of what turned up in the idea dumpster, in that conveniently readable, reductive analogy format that investors and bloggers love:

- Pets.com for Mobile
- Google Maps for Buildings
- Netflix for Restaurant Menus
- Restaurant Menus for Mobile Web

- Digg for Dating
- Facebook for Strangers (Through Mobile)
- Flickr for Doodles
- MySpace for Authors

Their idea brainstorming sessions went on for most of July, with little structure and even fewer good ideas. Eventually Jacob's roommate, always one to offer suggestions to improve Jacob's well being, suggested they both consider adopting "design thinking" into their idea brainstorm methodology. As it turned out, Ben and Jacob were already doing pretty much exactly what "design thinking" advocated, except they weren't paying consultants an exorbitant pro rata fee to tell them so. "We also weren't recording our brainstorming sessions, which we promptly rectified."

That decision was an unforeseeable turning point for their fledgling venture. "It's funny," recalled Ben, "looking back, I can trace exactly what connected us together and what led to our breakthrough. Our love of greasy food, the chance experiences that led to the networking night, Jacob's suggestion that we start recording our brainstorming sessions...it all seems so *purposeful* when I think about it now. But it wasn't. Everything was sort of random. We seized the moment when we could, but it wasn't part of some grand plan. It never is. A butterfly flaps its wings, I meet Jacob, we order a couple BBQ burgers and sweet potato fries, Jacob records the aftermath...it's just chaos."

Ben and Jacob's breakthrough was certainly unexpected. It was late August, and Ben had just returned to their favorite breakout room with some Counter Burger half-pound patties and the most delicious, stomach-twisting sweet potato fries west of the Mississippi. Jacob had been busy whiteboarding a concept for an iPhone game featuring a slingshot, destructible towers, and adorable cartoon farm animals. (Jacob sighed when he thought about the idea's quick dismissal. "The working title was Toon Tossin'. God damnable Angry Birds.") Recording their entire discussion on a Flip cam, Ben convinced Jacob that the concept was a carbon-copy of readily available web games, and consumers wouldn't be stupid enough to actually pay money for regurgitated ideas available freely online. (Ben cursed when he recalled that discussion. "Motherfucking Angry Birds.")

And then, something extraordinary happened. The enzymes in their sweet potato fries mixed with beef particulates and began a beautiful, delicate, invisible dance with the inner lining of Ben's stomach, causing a chain reaction that built up excessive gas in his lower intestine. As Ben rose to erase the whiteboard, he passed a volume of gas from his lower extremities that heretofore medical science had thought impossible. If the Sirens

had mesmerized Odysseus with flatulence instead of songs, they would have been jealous of Ben's magnificent performance. It was the perfect fart. And it was on tape.

Along with Jacob's laughter. "I thought it was hilarious. I mean, we both ate like pigs at the time, and I wasn't surprised that Ben had to let one go, but man...what a doozy." Ben and Jacob left the breakout room early; they feared a hazmat team was required to make the room usable again. But they couldn't stop listening to the video as they walked back to Jacob's apartment. Jacob remembered his epiphany; he didn't think much of it then. "I didn't like having to pull out my Flip cam to listen to it over and over again, when I had my iPhone right there. It deserved to be more convenient." As soon as they returned to Jacob's apartment, he built a (aptly described) "quick and dirty" iPhone app that could serve his purposes. All the app displayed was a big red button and the word "FART!" underneath it. Satisfied that it functioned as expected, Ben spent some time prettying up the button, and installed it on his own phone. The novelty refused to disappear as they pressed the button over and over again; the staying power of Ben's indigestion was unprecedented.

Jacob's roommate came home to both of them laughing maniacally at their phones, and was rudely surprised with a double-fart upon asking them how their brainstorming was going. Normally he would have been taken aback by that sort of behavior, but the magic of this audio clip seemed to capture him too. "He thought it was pretty funny. He made a casual aside that he would pay a buck to have that on his phone," recalled Jacob. "That's when I knew we had to put it on the App Store."

At this point, neither Jacob nor Ben had a glimmer of an idea that their app 'Tootly' was going to be a business unto itself, but they were both in need of validation for their month of brainstorming. "Frankly, most of the month had been spent eating deplorable foods, so Tootly was a relevant expression of our work. Besides, what did we have to lose?" By midnight of the same night, they had navigated Apple's labyrinthine app submission process and Tootly, a \$0.99 premium fart app, was waiting to be approved. They went out for celebratory In-N-Out fifteen minutes later, while Ben prayed that his stomach could hold up.

"We had done it," Ben remembered thinking. "I had felt pretty good about our accomplishment, despite my ravaged digestion system. Of course, it was a small victory, and we thought our white whale was still in some undiscovered sea."

While Tootly awaited Apple's approval, Ben and Jacob kept brainstorming and whiteboarding. And then, on a normally forgettable day in early September, they

received an email confirmation to acknowledge the approval of Tootly.

Not a week later, Tootly surged to become the #1 paid app in the App Store. Their random, completely unplanned novelty app became an iPhone sensation. “And that was the beginning of the end,” a resigned Jacob admitted. “We were thrilled, to be sure. We should have just focused on other ideas and been content with our moderate success. But we were distracted by the dollars and the press...and visions of grandeur. Being ‘1 for 1’ is horrible for an entrepreneur, but we were too proud to know it then.”

Ben offered a more concise view. “We thought we were hot. But it was stupid, blind luck. Soon enough, shit would hit the fan...or iPhone, in this case. And no amount of ‘startup best practice’ would save us. Tootly wasn't our white whale; it was our albatross.”

Chapter 6: Farting in the Elevator Pitch

“Every startup needs a five minute pitch to get funded. Unfortunately, novel business ideas are not easily deconstructed into five minute blurbs. Many have sought funding to standardize a more holistic approach, but their explanations always take longer than five minutes, at which point the venture capitalists move on.”

By late September, Tootly had netted 200,000 downloads, all of them paid. Ben and Jacob had stumbled upon an insatiable, heretofore unfulfilled desire to mimic a baser aspect of human biology through expensive technology. Their ambition had the best of them, and they meant to seize the opportunity. Jacob left business school “temporarily” with an open invitation to return, which they were more than happy to grant (even if Jacob's success was nothing more than a short-lived whiff of hot, stinky air, there was a small chance he could become a high net-worth donor).

As their app sales grew, Ben and Jacob mulled over the idea of instituting a “marketing plan,” but thought better of it when they both remembered their marketing classes (besides, they weren't sure they could invent any good lies about a single function novelty app). Instead, they let the app continue to sell itself, and devoted much of their time to fielding the ever-expanding array of interview requests from the blogosphere.

Exhibit: The Blogosphere. Where nuggets of truth hide amongst an uncountably large mass of heresy, rumor, and speculation. Paradoxically offers a thousand different biases while somehow remaining an echo chamber. Also, the future of journalism.

Jacob wasn't entirely pleased with the outcome of these interviews. “I was happy about the excitement surrounding our app, but the bloggers would embellish things. Not a big deal normally, except the embellishment would continue unabated by second-hand ‘journalists’ who didn't interview us...as you can imagine, it snowballed. All of the sudden the Wall Street Journal has us quoted by some fifth-degree source, saying we'd be ‘the Google of mobile apps.’” Ben was decidedly more upbeat. “The Wall Street Journal implied that we were the next Google of mobile apps. Who cares about their sources; it's the Wall Street Journal!”

After the explosive press coverage, Tootly started receiving unsolicited offers for funding by some lower-tier venture capitalists. Ben and Jacob were caught off guard, but they soon constructed a strategy: reject them. They knew if “dumb money” was courting

them, “smart money” from the top-tier firms would be readily available, if they had their act together. And every startup wanted “smart money” for their company. Tootly would be no different.

Exhibit: Smart Money vs. Dumb Money. Used as a distinction between types of early-stage investors. “Dumb money” usually comes from family, friends or fledgling firms that have no “expertise” in your market. “Smart money” comes from well-respected angels and venture capitalists who have a record of success. Since most successful records are a function of luck, and the greatest successes come from novel products in brand new markets, this distinction is arbitrary and unnecessarily condescending. All “smart money” was “dumb money” once.

From then on, the co-creators of Tootly focused their energy on preparing themselves for the inevitable pitch sessions with the top tier firms. But before they could dive into the presentation dry-runs and practice their best sycophantry, they needed to get Tootly’s administrative house in order. “We split the company 50-50 (even though I had the initial idea) because I thought that kept things fair and aligned,” Jacob remarked naively. “We used an online self-service law firm to draw up our LLC papers, because regular lawyers are money-sucking vampires whose sole purpose is to destroy value,” Jacob had thought then, completely unaware of the Faustian bargain he should have made to hire small-time, money-sucking vampire-lawyers to avoid big-time, wealth-obliviating Draculean lawyers later on.

Ben recalled their initial administrata with a hint of bitterness. “Those poor choices never hurt us early on, when Tootly was selling like hotcakes and everybody wanted a piece. But our unforeseeably bad decisions had as many consequences as our unforeseeably good decisions had benefits. Worst was probably our decision to spurn angel investors.”

Exhibit: Angel Investors. Angel investors, or “angels” for short, are individual high-net-worth individuals who like to diversify their wealth with small scale, high-risk investment vehicles. In English: they’re really rich people who love putting money into startups with little expectation of return, usually “for shits and giggles.” Some of them are successful entrepreneurs who want to relive their glory days, others are celebrities who want to add edge and/or apparent intelligence to their public image, still others are scary fucking Russian mobsters who will sooner kill you than lose money. “Angels” can be a surprisingly ill-suited term.

Ben stroked his scraggly beard as he considered hypotheticals and counterfactuals. “If

we had gone the angel investment route for our first round, we would have received much less funding -- a surprisingly helpful constraint. We wouldn't have grown so fast, and wouldn't have transitioned our product so abruptly. We couldn't have known then, of course..."

Tootly's explosive download numbers (and the lazy, confident projections of Tootly's download numbers in the future) kept them laser-focused on getting a big injection of venture capital rather than the paltry sums angels tended to float; even the scary Russian angels kept caps on their investments. With the paperwork finished and angels rejected, Ben and Jacob honed their salesmanship into a well-greased venture capital-pitching machine.

Jacob explained. "Ben and I knew the typical venture capital checklist. We'd need a 5 second vision statement, a 5 minute elevator pitch, and a 50 minute overview of our business plan. Each stage was a filter; if they didn't like our elevator pitch or vision, they wouldn't waste any more time. We were lucky in that we already had a proven, successful app, but the top firms would need more than past success. They'd want leadership for the future. Gusto. Bravado. Or the ability to fake it convincingly."

Ben agreed that Jacob was the "edgier" co-founder, the one willing to fight fire with fire...and a variety of other masculine cliches. He started with the vision statement.

Exhibit: Vision Statement. A company's "vision" is an impossibly reductive, expansively ambiguous statement meant to inspire the insipid. Usually looks great on business cards, letter templates, SEC forms and subpoenas. See Google's "Organize the World's Information," Apple's "Making Tools for the Mind to Advance Humankind," or Microsoft's "What the hell are we fucking doing with this company?"

For Tootly, Jacob opted for something bold but memorable. "Bringing Novelty to the Masses." The runner up, which Ben preferred, was "Farting to the Future," but Jacob thought it was too restrictive. He also worried that investors who hadn't downloaded Tootly would feel confused and offended. With that finished, Jacob worked on the elevator pitch.

Exhibit: Elevator Pitch. Slightly less reductive, the elevator pitch is a storied tradition in the Silicon Valley venture community. At a variety of forums, founders are given opportunities to deliver concise pitches to investors that usually last around 5 minutes without ever describing anything about the company. Instead, the elevator pitch is an opportunity for the venture capitalist to do a "gut check" on a variety of interpersonal

factors: whether the founder sweats while speaking, how many big words the founder uses, how many times the founder compares themselves to Steve Jobs, etc. Without the random “gut check,” they’d have to read hundreds more business plans, and who has the time, really?

Jacob honed his elevator pitch to great precision, starting strong (“We are already the dominant paid platform for novelty, and we’re just getting started”) and ending with a self-referential flourish (Jacob whips out his phone, opens Tootly, presses the button to release an illustrious raspberry, and says, “Do you hear it? That’s the sound of money.”) The business plan, arguably the most important but least viewed of the three, was last on his list.

Exhibit: Business Plan. Ostensibly where a startup demonstrates the enduring value it will create and the novel, intricate methods for a startup’s future success. Instead, usually a 10-15 page document and/or Powerpoint presentation with nothing but vacuous, vague assertions and a proliferation of “hockey stick” graphs demonstrating predicted growth with no basis in reality. Studies show that 99% of all business plan graphs have predictive error rates exceeding 99%.

For his coup-de-grace, Jacob Googled seven different pictures of “hockey stick” graphs, replaced the numbers with Tootly’s downloads and revenue, made a variety of baseless assumptions about customer acquisition, and calculated the incalculable value of Tootly’s brand name. 20 Powerpoint Slides, and 15 pages later, he was finished. Naturally, Ben and Jacob celebrated with In-N-Out Double-Doubles and real-life, non-simulated gas.

By early October 2008, Tootly was ready for prime time investment, amid download numbers whose very growth seemed to be accelerating. Ben and Jacob finally “connected” (a business school term for initiating communication) with a number of the top grade venture capitalists; predictably, they wound up with funding, but not entirely without frustration.

Chapter 7: Negotiating with Terrorists (Lawyers, Venture Capitalists)

“If I had a gun with only two bullets and faced a lawyer, a venture capitalist, and Stalin, I would find myself negotiated out of the gun by the venture capitalist while the lawyer revised Stalin’s First Five Year Plan.”

Tootly began with the prominent venture capitalist firm Thompson Oak Achievement Dropship Ventures (the general rule of thumb: all top venture firm names contain either a last name, the name of a tree, a business-success related adjective, and a completely random reference -- TOAD contained all four, and was thus considered a “prince of the venture capital ball”). Jacob and Ben met Tim Thompson, a General Partner, at an overpriced and overrated Italian restaurant for “Neapolitan Brunch” (a meal no self-respecting citizen of Naples would ever associate with) in downtown Palo Alto.

Exhibit: General vs. Limited Partners. Venture capital firms may seem self-determined, but the truth is that the buck doesn’t stop there. While the General Partners of the venture capital fund control the purse strings for startups, the Limited Partners are the General Partners’ benefactors. Limited Partners (or LPs) are typically very large investors -- like pension funds, sovereign wealth funds, and overly trusting wealthy individuals -- who are attempting to “diversify risk” and “demonstrate their innovative investment strategy.” It’s worth noting that nearly 90% of all venture capitalists implode, which is certainly an innovative way for a pension fund to obliterate value.

The first meeting with Tim was promising; Jacob had nailed his elevator pitch and Tim had chuckled after the simulated fart and “sound of money” line. “He said they were looking to initiate a seven year fund focused on the mobile ecosystem, and our initial success would send a strong signal to their LPs.” Jacob and Ben were thrilled with his response, but Tim needed more before he was ready to “make it rain on Tootly.” Not soon after, Jacob had his Powerpoint and business plan in front of Tim, three Junior Partners, five VPs, and two analysts.

Exhibit: Junior Partners, VPs, and analysts. To call them glorified bitches would be offensive to female dogs. Many of the larger venture capital firms have other members below the General Partner level, generally to demonstrate to LPs that they mean serious business when they’re losing money 90% of the time. Like many underlings, most of

these employees exist to provide General Partners with plausible deniability for poor decisions they themselves make. Unlike other underlings, they're inconceivably conceited and cocksure about their scapegoat status. They also engage in administrative bullshit (like monthly investment reports) that LPs demand for "transparency," despite the dirty truth that no one ever tells the dirty truth until the money completely disappears (at which point, the General Partners will place blame on Junior Partners, who will blame the VPs, and so on). Eventually, an analyst can work his or her way up to General Partner, although that route is not entirely dissimilar from the path of a Padawan Learner to Dark Lord of the Sith. Yes, Anakin Skywalker would have made a "killer" venture capitalist.

The presentation went well, despite a fair number of questions from the brown-nosing junior employees meant to impress Tim rather than critique Tootly. Either way, Tim appeared satisfied, and told them he'd have a "term sheet" (a document with his terms for funding -- exactly as you'd expect) ready for them by the end of the week.

Never content to rest on their laurels (especially when their laurels had just had another celebratory cheeseburger), Jacob and Ben engaged with another venture capitalist before the week was out. Jacob had learned, from one of his favorite professors, that "good decisions were made from a range of viable alternatives." Which meant talking to many firms without the others knowing. They pitched next to Jim Johnson, of Johnson Outstanding Cedar Knesset ventures. JOCK was a well regarded boutique firm, though like many smaller firms, the benefits of bureaucratic freedom were balanced with the fact that their General Partners were clinically insane. After Jacob finished their presentation, they faced a volley of ridiculous questions from Jim, who was wearing a fleece and jeans without any undershirt; with his impressive physique, it appeared he was more interested in highlighting his ripped man-cleavage than obeying the demands of style or good taste. Ben remembered many of the questions:

"So how is this social? I don't get a sense this is social. It should be social."

"How are you going to ensure audio fidelity? Mic placement can be a real bear for fart sounds -- I should know, I was the advisor to a sound engineering company." (venture capitalists love to stress their knowledge of an industry based on a few hours a month at their portfolio companies' board meetings)

"What other novelty sounds are you investigating? Have you considered sex sounds?"

Questions aside, Jim was convinced about the opportunity, and told Jacob and Ben that

he'd have a term sheet for them by the end of the week as well. Before long, Jacob and Ben had meetings scheduled with TOAD and JOCK back-to-back at Cafe Borrone in Menlo Park. As it was late October, the weather was beginning to transform from the paradise of summer to a wintry drear (despite what you may have heard, Silicon Valley has no spring or fall), and they were surprised to see both Tim and Jim sitting at the cafe amidst a misty drizzle. This caught both Ben and Jacob off guard (as they were planning to negotiate with them separately) -- but Tim and Jim waved them over all the same. Tootly's co-founders sat down, confused.

"Next time, you guys should do your research." Tim had a wry half-smile mixed with a look of disappointment. "Jim and I have a standing racquetball match every Friday morning. As you gentlemen might be aware, racquetball can be a very social sport. Social enough to start talking business." Jacob and Ben glanced at each other with a shame reminiscent of children caught with their hands in the cookie jar. Only this cookie jar contained cash.

Jim confirmed that feeling in a less surreptitious manner. "Consider your hands caught in the cookie jar. Tim and I both discovered that we were about to exclusively close an initial round of funding with the hottest mobile app company around. Turned out you were trying to sneak a silent one past us...at least for one of us, no?"

Jacob ignored the pun and tried explaining. "We were eventually going to tell you both that we were negotiating with other potential lead investors, but we wanted to keep our options open. Just in case something broke down."

Tim's half-smile turned into a half-frown. "Consider this a lesson in trusting us then, and we'll consider this the last time our trust is breached. And you needn't worry about having options open. You'll only need one." Tim handed Ben an envelope. "You'll find the terms of our arrangement there. Jim and I will be investing \$2.5 million each, at a smaller valuation than we had discussed before. Additionally, we'll have rights to veto funding or acquisitions, along with enhanced voting rights and a certain portion of equity set aside for future employees."

Ben blurted out, "But that's more than we need! And you're getting more of the company than we agreed!"

Tim finally broke out a full smile. "Both of us want Tootly on our list of portfolio companies, but we'd prefer to pay less for the privilege. You'll take the full investment from us." He then leaned in and brought his voice to a whisper. "You should see my list

of racquetball partners -- I'm quite the prolific player. If you don't take the investment, you'll find it quite difficult to find funding anywhere. It won't be long before your likeliest source of money is the state lottery. Your BATNA doesn't seem so hot."

Exhibit: BATNA. An acronym for "Best Alternative To a Negotiated Agreement," which in simple English means the outcome if you simply walk away from negotiations. When the counterparty in a negotiation throws out the term during negotiations, you know you're absolutely fucked.

Jim also seemed quite happy at that. "Don't look so glum, boys. Just being associated with us will help your future, and we want you to succeed. We just want a bigger piece of your success." With that, Jim and Tim took their leave.

Ben and Jacob spent the rest of their time at Cafe Borrone mulling over the terms. TOAD and JOCK would each take 20% of the company in exchange for \$2.5 million invested each (for a total of \$5 million), in addition to 15% of the company being set aside for future employee stock grants. That left Jacob and Ben with 22.5% of the company each, with a high likelihood that their stakes would go down in the future. As is usually the case, the co-founders had their first legitimate argument over equity terms.

Ben wanted to take the deal: "I was worried about the damage to our reputation and future funding opportunities. It may have been an empty threat, but unknown racquetball partners already screwed us once...not to mention the US economy seemed in free-fall, and it was unlikely we'd get funding again so easily." Jacob was recalcitrant. "I didn't want to give up so much so quickly. Besides, we had sold 300,000 apps at that point; based on our growth trajectory we could have easily stayed self-funded and spent time smoothing things over with other firms for a later round. Sure, we would have grown more slowly, but it would be independent growth, without restraint. Plus, what the hell were we going to do with \$5 million?"

As it turns out, a rather sizable chunk of \$5 million went toward legal fees. Jacob eventually acquiesced and agreed with Ben to accept the terms, and the next week they banged out a binding legal agreement (and new incorporation) with more lawyers than either of them felt comfortable using. Unfortunately, another aspect of the term sheet dictated that Tootly, Inc. would be responsible for all legal fees pertaining to the formation of the company and investment (including backtracking out of their poorly constructed online legal agreement), which meant Tootly's warchest was already down \$100,000, using some arcane form of billable hours known only to lawyers, patrons of hell, and the rather large intersection of the two.

Despite their argument, and getting methodically money-hosed by the lawyers, Ben and Jacob were optimistic. “We were funded by some of the best, had enough money to draw a livable salary, and still masters of our destiny. Tootly’s numbers were up and we had well-regarded (if somewhat sneaky and strangely dressed) venture capitalist advisers on our board.” Money in hand, it was time for Tootly to grow. “Not that we had to grow. It’s just that, if we hadn’t, our well-regarded venture capitalists would start questioning why they gave us money in the first place. So we started spending it. Rapidly.”

Chapter 8: Growth and Bureaucracy: Destroying Fun, Creating Value

“Once your company grows to a certain complexity, bureaucracy inevitably emerges. Similarly, for sufficiently complex organisms, cancer inevitably appears. Both will rapidly spread through their host before mercilessly destroying from within. In either case, there is no known cure.”

Including revenue from continuous app sales (and net of lawyer fees), Tootly had \$5,200,000 in the bank, and they meant to spend it, but not without input from their venture capitalists. Jacob’s voice barely masked his frustration as he recalled their first board meeting. “It was...eventful. Jim and Tim, who had seemed quite friendly when they were screwing us out of equity, argued on every point. They had vastly different views on ‘next steps.’ Jim wanted to focus all our energy on marketing Tootly, while Tim wanted us to start expanding to other novelty apps. Eventually Ben convinced them that we could do both -- if only we focused on hiring more people first.” The venture capitalists found common ground, and recommended that Ben and Jacob hire someone...who knew how to hire people. To escape this chicken-or-egg problem, their first hire was an HR director, only she demanded the title “Chief People Person.”

Exhibit: Chief People Person. A euphemistic name for the executive in charge of human resources. Typically, this title is demanded by an especially fake former HR employee, trying to re-brand themselves as a “hip and approachable dude” as opposed to a destroyer of dreams and harbinger of a career’s death. They tend to be inexplicably cheerful.

Tootly’s Chief People Person was found through TOAD’s network of disgruntled executives at late stage startups, and she fit the standard bill for an HR executive: a mask of nauseous friendliness to hide that she’s absolutely judging you all the time. Jacob was concerned initially, as he always felt a distinctive chill whenever around her, but Ben reassured him that “it was the chill of progress.” Either way, they couldn’t argue with her methods; both Ben and Jacob’s network of potential employees paled in comparison to hers, and before long she had screened hundreds of potential applicants. Pretty soon they were ready to interview dozens of employees, but not before Jacob brought up more red flags with Ben. “Many of the interview questions gave me flashbacks to my consulting interviews...not to mention her ridiculous job branding.

‘Social Media Ninja’ for our head of marketing? Really?”

Exhibit: Ninjas, Pirates, Gurus, etc. Terms thrown around the Valley to fool prospective employees into believing they’ll be some sort of super-sleuthy mega-master when they join the company. Routine examples include ‘Ruby on Rails Ninja,’ ‘Marketing Rockstar,’ or ‘Search Engine Optimization Guru.’ Inadvertently leads to disappointment when a new employee discovers no one else wears eye patches or ninja outfits.

Ben defended their newly hired Chief People Person. “Jacob knew that I didn’t like some of these tactics either, but that’s the way you hire good people in the Valley. Though I can’t say I was entirely pleased with some of the job titles...Designer Savant was okay, but Mobile Developer Asperger seemed mildly offensive.” In the end, Ben convinced Jacob to let the CPP do her magic; besides, both were too afraid to critique her. She could be pretty judgey.

After a month of frantic recruiting, Tootly was reorganized with CPP-approved organization and titles, along with a shiny new office space in downtown Palo Alto. Jacob was rebranded as the “Chief Business Person,” while Ben became the “Chief Technology Person.” They hired one “Chief Finance Dude,” two “Social Media Ninjas,” two “Product Management Pirates,” four “Designer Savants,” four “Data Junkies,” and four “Mobile Developer Aspergers.” There was no “organizational chart” to demonstrate hierarchy, as Tootly wanted to remain a “flat” organization (which meant you could be blamed for something going wrong by anybody, rather than just your boss). Unfortunately, lack of hierarchy on paper did little to prevent hierarchy from manifesting itself out of subconscious pragmatism.

An ordered process out of chaos emerged where the Product Management Pirates naturally ordered themselves as supervisors for the developers and designers, while the Social Media Ninjas and Data Junkies operated independently and reported to the Committee of Chiefs. As he saw the bureaucracy develop, Jacob’s resentment of their funding situation resurfaced. “We wanted to keep it flat, but with more than a few people the structure appears out of nowhere...as much as we hated the idea, we were stuck with it; there’s no other way to run a company beyond a certain size. I just wish we hadn’t been forced to grow so quickly...which is what happens when you have too much money and overzealous investors.”

With Tootly’s team in place, Ben and Jacob set themselves to running the company and executing on their cheeseburger-fueled business plan. Instead of furiously coding and trading ideas back and forth, Ben and Jacob found themselves acting as random

arbitrators -- they would vet ideas presented by the Product Pirates, judge wireframes provided by the Designer Savants, test prototype apps by the Developer Aspergers, and run through analytics with the Data Junkies. They spent time talking about performance and process with the Chief People Person, and poured over accounting and run-rate projections with the Chief Finance Dude.

Jacob was less enthused with his updated role than Ben. “I felt completely disconnected with the actual business. I spent an entire two hour meeting with the Data Junkies talking about optimizing our keywords on the app store to marginally increase downloads. That’s not innovative disruption; that’s being a miserly efficiency hound.”

Ben disagreed, and simply viewed the change as the necessary maturation of business. “In the months following funding, Jacob and I started to disagree on some of the material aspects of running Tootly. We didn’t argue on anything major, but it became increasingly clear that we had very different perspectives on growing a company.” Jacob put it less politely: “Ultimately, I wanted to build something different. Ben wanted to lead a cookie-cutter company, while I wanted to build a company that didn’t yet exist. Granted, we both wanted to build this company off the coattails of a fart app, so perhaps we were both misguided.”

Despite their minor disagreements, Tootly’s flagship \$0.99 app continued to grow at a stunning rate, reaching nearly 600,000 downloads by the end of 2008. As 2009 dawned with positive momentum, Tootly launched new mobile apps. Based on (a surprisingly expansive) research Powerpoint done by the Social Media Ninjas and backed up by the Data Junkies, Tootly released three new novelty sound apps for the same \$0.99 price point: Tootly Burp, Tootly Kazoo, and Tootly Wilhelm Scream. Tootly was renamed Tootly Fart, per the branding plan agreed by the Committee of Chiefs. Additionally, they created a combination app called Tootly Plus, which had all four novelty sounds for \$1.99 (a 50% savings!).

It took them four rounds of development review for each app, three separate design reviews, several passes by the Data Junkies (who wanted to track app usage for some poorly defined, ominous ‘user action analysis report’), two rounds of Terms of Service modification with outsourced lawyers to ensure that Tootly could violate users’ privacy with impunity by secretly tracking them, and several post-mortems on each employee’s performance with the Chief People Person. All in all, four busy months passed between assembling the team and building the suite of apps. Ben was happy with the results; Jacob was somewhat less ecstatic. “It took us nearly a fifth of our funding to get to four novelty apps that Ben and I could have done on Jack-in-the-Box-level capital in a few

weeks. Not to mention the stupid, baseless marketing validations and undefinable data collection strategy; why the hell would we want to know how many times per day someone was fake-farting? Oh, and somehow, we were convinced to run that goddamn Super Bowl ad.”

At the last minute, Tootly received a Super Bowl ad spot after some large bank pulled out (apparently it had just recently collapsed). It was a relative bargain; indeed, the only better deal that January was the purchase of said collapsed bank by the US Government. Sadly, both the Feds and Tootly discovered their great bargains carried hidden costs.

Ben somberly remembered the fiasco. “The Super Bowl ad was a costly mistake. Perhaps the costliest mistake. We spent \$2 million on the spot, which turned out thoroughly offensive. Apparently mashed-up historic footage of famous dictators using Tootly was only successful at drumming up controversy rather than positive buzz. We were just trying to show how a little levity could brighten up anybody’s day, but clearly the contrast was lost. We had to pay another \$500k to run a full-page apology letter in the New York Times.”

Jacob pulled no punches. “That ad agency should have been wiped off the map, to paraphrase Ahmadinejad, whose computer-generated visage featured prominently in the commercial.” Ben and Jacob had been convinced to run the ad after their Social Media Ninjas and Data Junkies showed an astronomically high return based on a fancy, indecipherable projection. Any time Ben or Jacob asked for the assumptions, the Data Junkies assured them the underlying model was sound. Unfortunately, their model didn’t take into account their Super Bowl ad falling flat; worse, no one stopped to think that perhaps Tootly’s momentum would die...because why would it die when things were going so well? With millions of dollars spent, a team assembled, and a new suite of diverse products, no one expected the downloads to stop. And then they did.

Chapter 9: A Silent but Deadly Market Shift

“You can’t control the market. Worse, you can’t control whether you believe you can control the market. Remember, it’s called the ‘Invisible Hand’ for a reason.”

Tootly had weathered the Super Bowl storm; in fact, the controversy had actually improved brand awareness, according to some numbers the Social Media Ninjas had extracted from their collective asses. Either way, Jacob and Ben felt like they had overcome the first great challenge in their fledgling business. Unfortunately, the Super Bowl ad was nothing more than a red herring; the real risk wasn’t public relations or marketing, but something more fundamental. Around mid-March of 2009, Tootly’s downloads finally slowed down. By the end of March, they had practically stopped.

Ben was stunned. “We couldn’t believe it. We had nearly 800,000 downloads across all of our applications, but without any clear reason, people stopped downloading. We demanded that the Data Junkies and Social Media Ninjas use all those great metrics they had developed to explain what had happened.” After many all nighters, they came back with an elegantly simple presentation with a number of bulleted take-aways:

- Engagement is up; Tootly Fart went from 0.23 farts per day per user to 0.71 farts per day per user, similar to other apps
- Time of day interacting with the app has shifted, on average, from morning to evening
- High concentration of users in the bay area and Seattle, with a strangely high usage density in Dallas and Cincinnati
- User feedback was positive; the users still feel satisfied with their purchases

Jacob sat through the meeting intently, watching each overly wordy, animated slide come in and out of focus. As soon as they finished, Jacob looked at his data and marketing team, and pressed them with a simple inquiry. “That was a wonderful summary, but what the hell does it have to do with our download numbers? Do you have any idea why they’re slowing down?”

The team couldn’t help but look ashamed, and Jacob himself felt ashamed when he embarrassed them all. “Honestly, there’s no way they could have known why our numbers were falling off a cliff. You don’t know what you don’t know, you know? We had a wealth of data on current app users, but there was nothing we could know about people *not* engaging with our apps. We may as well have been asking them to read tea leaves.”

Ben asked the Social Media Ninjas to do outside market research, which was, in fact, about as accurate as reading tea leaves. They spent tens of thousands of dollars on outside marketing reports, focus groups, academic studies, and outsourced circus psychics (who called themselves ‘mobile app consultants,’ but may as well have claimed psychic powers). After a month of stagnant growth, all of these reports were compiled and reduced to a single page memo, which was discussed at length by the Committee of Chiefs. The last time Ben and Jacob had read such a disheartening conclusion was in a business school case study. In keeping that fine tradition for future entrepreneurs, here’s the depressing conclusion of the Social Media Ninjas’ report:

CONCLUSION: After numerous consumer sentiment studies, deep marketplace analysis, engaged focus groups, and in-depth competitor canvassing, we have determined that the novelty has worn off. We have saturated the market with farts, and new customers cannot possibly bear the smell. The successful, high-growth apps today are either much more sophisticated, tied into broad web services, or games.

While Jacob doubted their methodology (he was becoming increasingly distrustful of data analysis), he couldn’t discount the conclusion. “Unlike other data I had been shown, this lined up with my instinct. Ben agreed, but wanted confirmation through more in-house data; I would have preferred if we just accepted it and moved on.” Despite Jacob’s protestations, Ben demanded that the Data Junkies build “A/B testing capability” into the next updates of Tootly’s apps.

Exhibit: A/B Testing. Famous in web services, A/B testing allows you to take two (or more) separate scenarios (whether it’s a new interface, user flow, or piece of functionality) and compare metrics on which scenario leads to better outcomes. Most famously used by Google to modify everything on their website, including colors; apparently a certain shade of blue leads to a ‘statistically significant’ engagement boost. A/B testing routinely gets taken to absurd levels (see Google’s obsession with colors), and invariably leads to “designing by numbers.” With an expansive A/B testing infrastructure, a company will outsource creative thinking by narrowly defining products into testable chunks, leading to nasty blindsides. For example, if A/B testing had existed at the turn of the century, horse-and-buggy manufacturers would have designed the most statistically perfect buggy, only to watch, in horror, as Henry Ford’s mass-produced automobile destroyed their business. Or if dynamic A/B testing existed in video games, you would have every Facebook game ever made. Sadly, few technology

companies will ever understand this danger, unless there was some A/B test that could prove its validity with a high degree of statistical significance.

As it turns out, the Data Junkies had a great deal of expertise building A/B testing infrastructure, and rapidly constructed a beautiful web interface to modify aspects of the Tootly apps on the fly (different sounds, interface elements, descriptions, etc.). Of course, they didn't come up with any conclusions that were entirely useful; they did however identify a particular color of blue that made the 'FART' button much more appealing. Blue was, apparently, quite the engagement work-horse. As is usually the case with A/B testing, many of those reading the conclusions had different interpretations of "statistically significant," which led to more confusion and conflict. However, Ben eventually wound up satisfied with the evidence as it was presented (and interpreted by him), which demonstrated (in his mind anyway) that there was little they could do to improve future downloads or recommendations by current users. They did, however, immediately change all button colors to a very particular shade of blue.

Data in hand as April drew to a close, Ben and Jacob decided they needed to sound out their board of advisers (Tim and Jim) on how they should proceed. Their business seemed stuck and they needed advice, especially if they were going to survive long enough to receive a second round of funding.

The venture capitalists were not happy with the news. First and foremost, they demanded that Jacob and Ben reign in spending. Ben remembered the conversation vividly. "They understood the gamble behind the Super Bowl ad -- hell, they encouraged it -- but apparently they had been talking to the Chief Finance Dude without our knowledge and weren't happy with our extravagant spending. We claimed it was part of the talent retention game for startups, but perhaps there was some personal motivation to having 'Massage and In-N-Out Fridays.' I like to think everyone benefited from that. Though I'll admit the gourmet burger chef we hired may have been excessive."

Jacob was more frustrated with their conversation. "Okay, so I understand that we weren't being fiscally responsible, but we engaged in those expenses in the middle of incredible app growth! More importantly, I can't say I was pleased that some of our employees were informants -- then again, I should have been a bit more realistic and expected that the Chief People Person was selecting employees that were friendlier to the venture capitalists; she was from their network after all." That conversation firmly convinced Jacob that the venture capitalists were not operating in their interest, but Ben was more empathetic. "They made an investment. While I know Jacob was upset about the breach of trust, if I were Tim and Jim, I would have been upset by the change of

fortune and the lack of transparency in finances. I could see where they were coming from.”

Either way, Jacob and Ben yielded, and made a commitment to cut down their expenses. The venture capitalists also encouraged Tootly to consider an alternate, popularized path to product development and startup growth, which they called the “lean thinking” methodology. Tootly was at a crossroads, and the venture capitalists made it clear they’d use their considerable leverage to steer them in the “right direction.” Jacob didn’t like being manipulated to choose a particular path, but Ben made the choice more stark for him.

“We were going off a cliff, and we had to make an epic business decision.”

Exhibit: Business Decision. Like any decision, only more so.

Ben continued. “The outcome was clear in my mind. Either we adjust our business through this new process, or the venture capitalists ensure we wouldn’t receive funding in the future. What choice did we have, really?” Besides, Ben had heard about many of the scrappy startup successes from this new style of thinking, and he believed in its promise. Jacob didn’t, but he knew it didn’t matter. “Ben was right. We didn’t have much of a choice.” So they embraced being lean, no matter the outcome. Unfortunately, being lean also meant firing the burger chef. “Burgers...and chefs, I guess...were anything but lean,” Jacob recalled.

Now burger and masseuse-less, and with no large advertising spends in sight, Tootly concentrated on evolving their business...leanly. Inevitably, that meant they had to learn to “fail fast and cheap.” Jacob laughed when he thought of the phrase. “I thought we were already failing fast -- I mean, negative growth in downloads should be considered a failure, right? But no. Apparently, we were failing at marketing how we were failing.” His laughter continued; this time tinged with regret. “Looking back, I wish I had paid more attention in communicating with our venture capitalists...but on the other hand, their vision of ‘fast failure’ didn’t exactly work out for us either.”

Chapter 10: Time to Flail Fast!

“‘Fail fast and cheap’ is a platitudinous mantra, usually evoked by those whose speaking engagements are anything but cheap.”

Ben and Jacob spent most of May analyzing their business by diving into “lean thinking” methodology. They both took copious notes which they shared; Ben and Jacob’s divergence on the worth of “lean thinking” revealed itself in their documented research, snippets of which appear below.

A Lean Startup

BEN’s NOTES: A startup focused on cheaply and quickly modifying its core offering until it achieves Product-Market Fit, usually through extensive testing, free software, and quick prototyping.

JACOB’s NOTES: A sophisticated way of describing a startup with no vision, product, or plan, whose only claimed competitive advantage is a rapid ability to completely drop its business at the first misinterpreted sign of failure.

Product-Market Fit

BEN: When a startup discovers a successful product for a particular market niche, usually through quick iteration and success measurement. Measurement of success is usually validated through A/B testing. Once this fit is achieved, a startup can mature its business and grow.

JACOB: When a startup achieves Product-Market Fit, they’ve made something that people want. Instead of validating their products through common sense, most startups inundate themselves with data from A/B tests and validate through whatever interpretation of the data aligns with management’s bias. Though not a startup, Google routinely achieves Product-Market Fit when they advocate particular shades of blue.

Minimum Viable Product

BEN: The baseline, simplest version of a product that still allows for rapid testing and deployment. With a Minimum Viable Product, you can rapidly test for Product-Market Fit. For example, we achieved a Minimum Viable Product with the first simplified version of the Tootly app, even though we didn’t know it then.

JACOB: An excuse for startups to release shoddy, untested products instead of using ingenuity, creativity, energy and purpose to build something complete. Kind of like when we released the first version of Tootly.

Customer Development Process

BEN: The method of collecting extensive feedback from customers using a Minimal Viable Product, through A/B testing and other direct observation. Startups use the Customer Development Process to iterate their Minimal Viable Product until they reach Product-Market Fit. Like focus groups on crack.

JACOB: Like focus groups on crack -- focus groups have, of course, been universally panned as useless. The Customer Development Process appears slightly more “rigorous” in appearance, thanks to the faux-scientific appearance of willy-nilly A/B testing with no central guiding principle.

Pivot

BEN: When a startup has determined that its Minimal Viable Product has little chance of achieving Product-Market Fit, the startup pivots; which is to say, the startup engages in a new line of business, usually by deciding on a new Minimal Viable Product.

JACOB: A more political way of saying a startup’s central hypothesis failed, and they want to waste investor’s money and patience trying something else; typically the new ideas are as good as throwing shit on a wall to see what sticks. For whatever reason, you can’t say “I’ve pivoted out of my job,” but you can say “I’ve pivoted my startup.”

Fail Fast and Cheap

BEN: The idea that a startup should understand when its core product has little chance of achieving Product-Market Fit; upon reaching that conclusion, the startup should pivot quickly and without much expense.

JACOB: Shouldn’t it be “pivot fast and cheap?” I thought “failing” was a non sequitur.

Additionally, Ben and Jacob attended numerous conferences and summits on lean thinking, typically on the order of a rather non-lean \$1,000 per person per conference. Some of the more memorable speeches and panels included:

- Are You Failing Fast Enough?
- When Minimal Viable Product isn’t Minimally Viable Enough
- Shuffling vs. Pivoting vs. Failing -- Minding Your Verb
- Harnessing Anger at Capricious Customers: A Product-Market Fit of Rage

The conferences were “icing on the shit-cake” for Jacob; in his own words, “I could have learned more about developing engaging products by spending a fraction of our conference costs on Chuck-E-Cheese tokens.” Along with the clear lack of enthusiasm in Jacob’s notes, this sentiment concerned Ben. He hated what he considered an inherent

hypocrisy in Jacob's skepticism. "Don't get me wrong, I know a lot of 'lean' talk is bloviated marketing speak, but the underlying principles make sense. If our product doesn't work, we change it quickly and test, right? Hell, Jacob and I basically did an internal 'put shit on the wall and see what sticks' when we first discovered Tootly, which is exactly what this methodology advocates."

Jacob was demur in his response. "Yeah, we basically did a single product test with Tootly and got lucky, sure. But the point is, luck or no luck, we discovered a business that was *working*. We should have kept making new novelty apps -- as opposed to questioning the entire idea behind our business. Sure, the growth stopped, but we already had 800,000 reasons to believe in our business. Why change our entire business just because we reached a threshold of people that will buy our current apps?"

The answer, outside of Ben's zeal for "lean thinking," came down to money, of course. Or rather, future potential for money. Tim and Jim had made it abundantly clear that unless Tootly embraced this methodology (mainly by acknowledging the failure of novelty apps) they would block any future attempts at funding (a power they had thanks to Ben and Jacob's initial negotiation blunder). Jacob cringed when he thought about their position. "I mean, this is a joke, right? The only way we could get more funding was to *purposefully* fail? Oh, I'm sorry, purposefully *pivot*."

Jacob's protestations transformed into deeper bitterness as Ben began executing on the promise of a lean startup. Ben started by firing half of their employees; Jacob warned Ben about the effect this would have on the group dynamic, but Ben insisted they become a "nimble" organization to improve their "pivot ability." Soon after, Ben insisted they have company-wide brainstorm sessions. As everyone feared getting the axe, their brainstorms turned into long, awkward silences while Jacob doodled Chuck-E-Cheese logos on the whiteboard. Eventually, the remaining Product Management Pirate found a shred of courage, and suggested that Tootly consider marketing the mobile A/B testing infrastructure they had built for iPhone apps.

Ben latched on to the idea immediately. "We had already built out much of the infrastructure for Tootly, and it was far better than Jacob's 'Social Mobile Skee-ball' idea. And plus, can you imagine a better way to show our investors that we took lean startups seriously? We'd be making Customer Development easier for other mobile app makers. My view was: 'Yo dawg, we heard you liked lean startups, so we put a lean startup in your startup so you could lean while you lean.' I heard that somewhere and it seemed to apply."

Jacob played along with the decision to save face publicly; he feared his disagreements with Ben were becoming watercooler gossip and risked damaging an already fragile company culture. But his heart wasn't really in it. "Before this shift, Tootly had a clear focus: novelty apps for the general public; that's what our brand represented, that's how people viewed us. Now we were pushing a product to other businesses, and worse, we didn't even have a business model! We had a proven method for *making money* -- stalled as it may have been -- and we were throwing it away to appeal to our investors. I knew we were facing disaster, as much as I knew Social Skeeball would be the biggest electronic hit since Tamagotchis."

But Ben was determined. They changed the official name of the company from Tootly to Tootly Mobile Solutions, Inc. and spent the next two months setting up an A/B testing product for other startups; including the custom infrastructure needed to A/B test their A/B testing structure. "Everybody at these lean startup conferences wanted to 'be the platform.' This movement was huge, and we had this incredible opportunity to be a 'platform' to help them test their 'platforms!' Nothing this meta fails."

Meta-failure or not, both Ben and Jacob were at least convinced this would give Tootly leeway with the venture capitalists to obtain a second round of venture capital and keep them alive. Tootly's Chief Finance Dude had commended them on their cost cutting, but revealed that it wasn't enough to stem the tide of red ink. They would be out of money in less than two months.

Ben and Jacob were concerned but at least confident (even Jacob, if grudgingly) that their pivot to A/B testing would prove a compelling enough shift to garner a second round of funding. Unfortunately, the Chief Finance Dude was more concerned about his future career, thanks to Ben's rather rapid firings; he had already told the Chief People Person the financial situation, and they both had independently revealed the precarious state of Tootly's finances to Tim and Jim. Not completely coincidentally, after Tootly's impending demise, they both received cushy jobs in TOAD and JOCK's other portfolio companies.

Despite prior slips, Ben and Jacob remained blindly ignorant to the loose lips of their employees, and met with Tim and Jim for their next board meeting to explain their pivot to A/B testing. They were confident in their presentation, and after seeing the reaction of Tim and Jim their concern momentarily disappeared. After their presentation, the venture capitalist pair seemed equally confident and not at all concerned.

Unbeknownst to Ben and Jacob, Tim and Jim's calm stemmed from a rather nasty case

of information asymmetry. The venture capitalists were about to pull a dutch oven on Tootly.

Exhibit: Dutch Oven. Slang for pulling a bed cover over someone's head while farting. Typically unpleasant, and occasionally fatal.

Chapter 11: Series F (*#\$ Off)

“If you experience dizzying ecstasy and staggering depression in a very short period of time, there are two possible diagnoses. Either you’re bipolar, or you’ve been dealing with a venture capitalist.”

Tim and Jim sat in TOAD’s offices, both sharing an appearance in everything but attire. Tim was wearing a blazer whose 3 buttons cost about a BMW 3-series a piece; Jim was looking absurdly comfortable in an argyle sweater-vest with no shirt underneath. They had both weathered Ben’s presentation with relatively few questions, and Jacob and Ben waited with bated breath for their response.

Tim unbated his breath first. “This was an impressive pivot plan gentlemen. You slimmed down your operations while uncovering a new product and market opportunity -- all under many sleepless nights, I would assume, given how rapidly you transitioned.” Ben didn’t need to confirm Tim’s suspicions; his scraggly beard had grown unkempt, while the deep bags underneath his eyes betrayed his visible alertness.

Jim unbated next, gesticulating with his sleeveless arms. “We certainly admire your fortitude and effort fellas.” He paused as an unspoken yet easily detectable ‘but’ hung in the air.

Unsurprisingly, Jacob detected the implication, and decided to vocalize it anyway. “But?”

Tim took the reigns. “But...we both have another company in our portfolios that is investing in mobile A/B testing, and they are better connected to Apple; a crucial advantage in this case. You can understand why we wouldn’t want to invest in companies with competing products, no? That would lead to a horrible conflict of interest. Moreover, we made smaller investments, as the overall market for A/B testing is much smaller than the potential for novelty app development.”

Ben’s frown conveyed his disbelief, while Jacob looked slightly bemused. Ben blurted out his first protestation. “But...we embraced the model you wanted. We dropped our core business to ‘fail fast and cheap,’ and discovered a home run product.”

Tim replied as calmly and neutrally as he did during their first meeting. “Do you think you’re the only one that needs to ‘fail fast and cheap?’ We have investors too. There’s

little point in being redundant in our portfolio. Moreover, the writing is on the wall and our Limited Partners are demanding progress.”

Jacob interrupted this time. “What do you mean, writing on the wall?”

Jim leaned forward, just enough to make Jacob uncomfortable at the amount bare chest visible from his loose fitting argyle sweater-vest. “We heard rumors from the employees that *haven’t* been fired yet that both of you are regularly engaging in disputes. There’s palpable fear in your employees -- they’re all afraid to find themselves under Ben’s cross-hairs.”

Ben looked devastated at that. “That couldn’t be helped; you told us to go lean.”

Jim leaned back for his response, and spoke dismissively. “There are many ways to skin a cat, especially if the cat happens to be a lean startup. You could have salvaged the team culture somehow, even if that meant greater cost. Sometimes being lean means being fat in the short term.”

Jacob’s bemusement turned to bafflement. “Right, well color me confused. First you tell us to go blandly lean, then you tell us to spend frivolously -- should we keep the flavor while we cut the fat? Are we supposed to pivot like a George Foreman Grill?”

Jim chuckled at that, but Tim maintained his composure. The jocularity of JOCK’s partner did little to affect Ben’s inescapable depression. Tim shuffled lightly in his blazer, whose fabric was marginally more expensive per square foot than a beautifully adorned Upper East Side penthouse, which Tim also happened to own.

“Long story short, while we appreciate Tootly’s tenacity, we will not lead investment in a Series B. Or allow you to raise more funding.”

Exhibit: Series A, B, C, etc. “Series A funding” is a fancy name for the first round of investment in a fledgling startup, while “Series B funding” is a fancy, iterated name for a second round of investment, and so on. Despite its intuitive and easy-to-understand definition, the term “Series A/B/C, etc.” is typically thrown around by the business elite like many of their more obfuscated acronyms; if you hear it and understand it, you’re generally considered “part of the club.” Many startups have multiple rounds of investment; though if you get to Series E, you either have an extraordinarily capital-intensive business or extraordinarily gullible investors.

Both Ben and Jacob could understand why TOAD and JOCK were not going to invest again, but blocking future funding was a surprise. Unexpectedly, Jacob continued pleading instead of Ben. “But we’ll be broke in two months. We need to be able to drum up investment, even if not from you.”

Jim looked at Jacob solemnly. “While we appreciate your desire to save your company, our opinion is that many of Tootly’s resources are not efficiently allocated. For example, your Data Junkies would make an excellent addition to one of our social gaming companies, while your Chief People Person remains useless to you while you’re not exactly hiring...don’t you agree?”

Ben stayed silent and confused, but Jacob was beginning to understand. Their business had no momentum left, and their investors were using their leverage to “strip-mine” Tootly’s employees. They were going to pick Tootly dry.

Tim continued, “Besides, both of you would be better served in other roles. No hard feelings here gentlemen; we were happy to invest in Tootly initially, and we’ve been truly impressed by your drive. We would certainly entertain investing in both of you in the future...when a new fund opens up, of course.” Tim was wearing his signature half-smile at that point.

Jim concluded their meeting by evoking a strange deja-vu, and handed them another feather-thin envelope. “Both TOAD and JOCK are convinced the best path forward is an early liquidation of Tootly; ideally through a sale. We happen to know another mobile app company that’s acquisition-crazy at the moment, and we think their offer is compelling.”

Tim clarified Jim’s subtle encouragement. “Let me make this clear. You accept this offer, and we’re likely to do business again in the future. Everybody’s happy. You decline, on the other hand, and your reputation in the Valley will be forever tarnished. There are many roads to failure, gentlemen, but there's only one path that ends productively. Otherwise, no amount of fart app sales will breathe methane-based life into your entrepreneurial asses.”

They left them there, allowing Ben and Jacob the opportunity to read over the offer. Apparently another company -- which conveniently received initial investment by JOCK and TOAD -- had just received funding from a larger, later-stage venture capitalist, and was interested in acquiring Tootly’s friendly consumer brand; the other intellectual property was just icing on the cake. The company, iLuvMobileApps, would pay Tootly \$6

million for a full acquisition...but because of the onerous terms Tim and Jim had negotiated, neither Ben nor Jacob would receive any money. The venture capitalists had sneakily specified a “liquidity preference.”

Exhibit: Liquidity Preference. The equivalent of putting a “minimum amount owed” to a venture capitalist in the event of any acquisition or liquidity event. If the venture capitalist sets a liquidity preference of \$6 million, for example, they’d receive \$6 million from an acquisition before *any* other investor receives a cent. It’s meant to “mitigate risk” for the venture capitalist, but typically results in opportunities for über-sketchy financial engineering, as was the case for Tootly.

Jacob remembers his reaction to the proposal as a vivid, inchoate rage. “I was wrong about them strip-mining the company for employees. No, they were engaged in something much more malevolent. They were fucking Madoffing us ever since the downloads stopped. They used their influence in iLuvMobileApps, and the other venture capitalists’ money, to *pay themselves back for their investment in Tootly*. They invested \$5 million in our company, and received \$6 million less than a year later for unloading us. iLuvMobileApps, their real horse in the mobile app race, got our brand, our apps, and a nice little unforeseen bonus with our A/B testing product, while TOAD and JOCK walked away with a *massive short-term return* from our company. I swear, they could have taught Ponzi a thing or two.”

It didn’t take long for Jacob to decide he wouldn’t have any part in iLuvMobileApps, but he wouldn’t stop Ben from approving the acquisition. Jacob knew Ben cared deeply about his reputation, even if it meant stomaching the massive dick moves of greedy, clever investors. “I couldn’t give two Tootly farts about Tim and Jim, but I still cared about Ben. For all our past disagreements, I was still proud of our work together.”

And so, as August of 2009 came to a close, iLuvMobileApps changed its name to Tootly and Ben joined as Chief Product Officer. Before the official acquisition papers were signed, Ben and Jacob met as co-founders for one last cheeseburger at the Counter Burger. They reminisced on the strange occurrences that led to Tootly’s astronomical rise and meteoric fall; despite some prior conflicts, they found common ground on never trusting a venture capitalist ever again. Ben even joked about eventually suing iLuvMobileApps for intellectual property theft (if Tootly’s fart apps ever became popular again, he didn’t like the idea of someone else “making money out the ass from a sound that came out of his ass”), but Jacob convinced him to shelve his half-serious threat.

“As if our company being destroyed wasn’t enough, entertaining that lawsuit would have required re-engaging with the valueless subterranean-sandworms that call themselves corporate lawyers. No, we were finished with lawyers. We were finished with everything, really.”

Chapter 12: Truly Failing Fast

“True failure will grant you all the benefits of success: stress, performance anxiety, and shattered expectations. But with failure, you’ll gain humility, perspective, and a liberating lack of responsibility.”

Post-Tootly’s demise, Ben and Jacob parted ways. Ben spent a requisite year with iLuvMobileApps in order to vest some of his equity options (a concept called the “one-year cliff” in the Valley, named because working for a soulless company for a year to receive uncertainly lucrative stock options compels many to drive off a cliff). After that, he leveraged his relationship with the venture capitalists to receive seed funding for a “mobile social meetup” app with “heavy gamification elements.”

Exhibit: Gamification. In early 2012, investors were going apeshit-crazy for “game mechanics” since the popular and pecuniary success of simple “social” games like Farmville and Foursquare. “Social” is in quotes because, as you’re probably aware, there’s nothing social about spamming a crop-watering request to all your Facebook friends or proclaiming yourself Mayor of your office’s bathroom. These game mechanics layers are now commonly referred to as elements of “gamification,” since a single word is easier for marketing executives to comprehend. Gamification typically involves adding points and badges to otherwise boring ideas and services; for example, imagine how amazing you would feel if you received valueless, meaningless points to go to the dentist or buy a particular brand at the supermarket. If this makes you feel bored and ripped off, congratulations! You are (sadly for society) in the minority.

As of the time of this writing, Ben’s company is without profit, and countless competitors have appeared to threaten his app’s dominant position. On the plus side, he’s managed to use his own service quite effectively to create a vibrant “Extreme Juggling” community, a recent obsession of his. He currently has the most points in his Meetup group, and recently received the “Digitally Challenged x2” Badge for losing two of his fingers during a particularly challenging knife juggle. He readily admits it wasn’t an even trade.

Tim of TOAD fame and Jim the JOCK are still prodigious, high-flying investors of venture capital, though Tim is ensnared in a rather nasty piece of litigation from another venture capital firm claiming lack of disclosure and misallocation of capital, among other things. TOAD has defended its reputation expertly, and entrepreneurs still line up,

expecting TOAD to transmogrify their pitches into gold. In a sign of the firm's strength, Tim recently purchased a helipad-equipped yacht and christened it "Dropship Liquidity."

While Jacob didn't lose face with the venture capitalists by agreeing to the Tootly takeover, he didn't exactly make any friends by his immediate departure. He lost his iLuvMobileApp equity investment when he refused to suffer through his one-year cliff, and instead became a rapid-fire serial entrepreneur. Despite his dismissal of the lean startup methodology, he seemed to enjoy emulating "fast failure." He went through a startup every few months, relying on everybody from scary Russian angel investors to family members to second-tier venture capitalists. Eventually his successive failures (and a run-in with the Russian mob) wore him down. His sense of wonder with the startup world was soon destroyed, leaving him with a jaded perspective on startups previously reserved for 80% of his unenviable time at business school. To this day, he's convinced that his "Social Mobile Skee-ball" app could have been huge.

Both Jacob and Ben were part of an iconic failure in Silicon Valley, and despite the outcome, both were at least thankful for the ride. Ben remarked, "Who would have thought the stuff of dreams was powered by virtual farts? Well, potential dreams anyway. I guess our hopes dispersed as quickly and as randomly as the occasional bout of flatulence."

Jacob was more dour, but appreciative in his own way. "The entire Tootly experience really shook the foundations of my belief in the startup world. I discovered a pernicious, cutthroat atmosphere (even within my own company) and couldn't believe the randomness of our success. Every time we believed we understood the 'why' behind our company...we'd have conflicting data saying contradictory things, while our half-baked hypotheses led to wild goose chases rather than verifiable facts. Everything was ambiguous and changing, we had organizational trust issues, and our super-fast growth destroyed our transition to a mature organization. *And all we did was make a fart app.*

"Frankly I think it's a miracle that complex web operations like Google and Netflix actually work, but perhaps they were just extraordinarily lucky survivors with the right idea at the right time. Who knows? I've learned that it's really impossible to know 'why,' but if you catch yourself doing well...just do your best not to screw it up. As my friend Voltaire might say, it's probably best to ignore the riff-raff and 'tend to your own garden.' In this case, that also means 'don't take outside investment from shifty individuals.'" Jacob conceded that his own entrepreneurial days were likely over, as it required an eternal (if pragmatic) optimist to continue to stomach failure. Besides, his

money was still on Ben. “I just hope he’ll have a job for me when he makes it big. Or at the very least, he’ll let me invest.”

Both Ben and Jacob came away from the experience broken, poor, and unsuccessful by traditional measures. But they were wiser, and wisdom, properly applied, is worth a great deal more. They both learned to scrutinize potential investors and their terms more closely, to meet optimism with skepticism, to use extreme caution when growing an organization, and most importantly, to trust new business methodologies about as much as they trust venture capitalists and a well-rounded management curriculum. They had a last piece of advice for future entrepreneurs: learn from failure, but not too much; cherish success, but cautiously. They needn’t have broken Tootly’s bank as quickly as Ben had broken wind...if only their ambition had been tempered with experience. From experience comes respect for the serendipity of success and the capriciousness of failure; a respect they tragically earned as victims of both.

Discussion questions follow below.

Exhibit: Discussion questions. Discussion questions are a requisite part of any business school case study; usually they’re completely irrelevant lines of questioning that leave the reader (and their study group) confused and unsatisfied. They’re very effective at inducing the reader to doubt their own interpretation of the case. Outside of Punk’d and the stock market, probably one of the best opportunities to fuck with people.

- After reading this case, are you glad you went to business school?
- How many fart references were there in this case? Did that add or take away from the underlying lesson?
- Have you ever met anyone like Tim or Jim before? Don’t you just hate those guys?
- When you’re depressed, do you feel the same kind of shade of blue that leads to higher engagement on websites?
- Isn’t it amazing that companies with worse ideas than “fart noises from your phone” get funded? Discuss how amazing this is, then list your own crazy, completely fundable ideas. Chatroulette and Color are both acceptable answers.
- If you in charge of Tootly during its final months, and you knew your employees were leaking information to your investors, what would you do? This is a trick question with no right answer, so you better believe your professor will ask for a three page essay on the topic.
- Use Porter’s Five Forces to analyze Tootly’s competitive position, then laugh after you realize how silly it was to use Porter’s Five Forces to analyze anything.
- Describe the ways in which a ‘lean startup’ is similar and dissimilar to a child with

ADHD.

- If you could 'pivot' into somebody else, who would it be and why?
- Describe the benefits of failure as quickly and cheaply as you can.

Chapter 13: Reassembling the Case Writer

“Never regret the past; time expires like farts in the wind. Instead, regret the possibility of squandering time yet unexpired; embrace the unexpected future and the failure yet to happen. Life would be boring otherwise.”

Satisfied with his effort, the case writer completed his marathon writing session after finishing his tenth hour and fifth lemon tart at Coupa Cafe. He closed his last generation Macbook, doubly content with his work and its expected outcome. *Yup, I’m going to get fired.* The case writer was always an insufferable smart ass; his intimate knowledge of Tootly guaranteed a healthy milieu between his sarcasm and the official-sounding narrative of a case study. But he had gone above and beyond his normal subtlety.

Since reluctantly accepting this assignment, the case writer knew he wouldn’t return to Boston. If he had done a normal account of Tootly, it would have been shuffled away with the rest of the “Understanding Failure” fodder, briefly read and then summarily dismissed, as Professor Bonhoeffer predicted. With his prior performance “issues,” he would be juggled between assignments before ultimately being dismissed. Besides, he was tired of powerlessly ending careers with a whimper.

Instead, he would leave with a bang that would put Ben’s infamous toot to shame. He diligently placed most of his heart, and a fair amount of heartburn (courtesy of Coupa’s pretentiously potent Venezuelan Americanos) into Tootly’s case study. When he submitted this case, he wanted the controversy to reach a pungent fever pitch. And he was sure it would. Because even if the Dean buries the case, it would undoubtedly leak, either from the case writer himself or some other malcontent in his office.

Either way, he carried no illusions about his bias. But to him, an extra pinch of persuasion thrown into historical record didn’t diminish its value. *What’s a little hyperbole here or there to help the little guy? The serial loser, bereft of luck? His story matters too.* The case writer believed himself a noble crusader, defending the outcome of the failing underdog; exploratory prose was his sword, experience his shield, and medieval war analogies his bard.

There was, of course, an ulterior motive, outside of submitting this tragedy of a case against a horde of stuffy, Middle Aged management professors/infidels. As he wrote in the cafe, soaking in the strange mixture of diligent students, flashy entrepreneurs and

harried venture capitalists, the Valley's infectious optimism had taken hold. It didn't prevent him from displaying rampant cynicism in his case writing (few forces in the Universe could have stopped that), but its effect was powerful enough to change him.

His Californicated optimism generated an epiphany reminiscent of Ben's social impropriety in that fateful, now uninhabitable break room. The case writer knew spreading the "Tootly-afied" view of the world would cultivate an environment that could maximize the chances of his next enterprise. He was leaving case writing, whether he wished to or not; but he'd be damned if he didn't give himself an advantage on the way out.

His next move was obvious to him, now that the case was finished. He left Coupa Cafe practically beaming with inspiration, and decided to stroll past Tootly's old office as he returned to his rental car. He paused in front of the windows, gazing upon the logo of a fancy new mobile gamification startup. *This screams failure*. He took a picture from his iPhone for posterity's sake, and returned to his car before driving back to his hotel.

There, he proofread his case before writing a terse message to Bonhoeffer alongside the final text of his case.

Professor,

I don't think "Understanding Failure" is failing fast enough. Hope this helps.

Best,

A Lover of Warmer Weather and Perennial Quitter

Happy with his submission and his tacit resignation, he spent the beginning of a sleepless night making arrangements to sell what few possessions he had in Boston and deftly negotiated out of his studio apartment's lease. And then, he did what he did best: he crafted an elegant vision for a new kind of company.

As he wrote his last case, an opportunity slowly dawned on him. The startup investment climate was heating up; indeed, as valuations doubled and tripled in the last few months, with no commensurate increase in revenue, murmurs of "bubble" starting spreading across the tech community. Any monkey with a few months of coding experience and a slick presentation could receive funding these days. And the case writer was better than any monkey. He was a monkey with a long list of failures, but he'd rebrand as he always had: it wasn't failure, it was experience. Experience better ignored, but experience all

the same. And credibility, thanks to the soon-to-be-leaked case he had just finished writing.

This has to work. It must. Anyone can see the opportunity with the right perspective. As he crafted the skeleton of a business plan, he was surprised he hadn't thought of this before. He must have been too jaded to care before, but the California sunshine had pierced that shroud. Either that, or the freshly unearthed memories of Tootly.

The daylight peaked through his window as he finished his outline and practiced his pitch. He knew he could get people behind this concept. The industry he would attack is entrenched, bloated, and ripe for disruption. It fit all of the criteria of a disruption framework he had once learned -- one of the few frameworks he believed served any purpose. *I'd be disrupting the platform for all startups. As a startup. How can something this meta fail?*

Before long, he was driving to the same sprawling Californian apartment complex he had visited just a few days ago. Authentic though he may be, he couldn't start a company without a respected co-founder. This time, he knew where to find one without suffering through another networking event. On the ride over, he did a final gut-check (thankfully without cheeseburgers kludging up the process). Was this a real opportunity? Or was he just petty and vindictive? *Can't it be both?* The case writer didn't believe in mutual exclusivity.

He pulled up to his friend's ascetic abode, while suppressing his lingering fears, uncertainties and doubts. He knew that walking this path made him some kind of masochist, and went against the lessons he innately understood from so many failures -- to the point of documenting them. *Fool me once, shame on you. Fool me twice, shame on me. Fool me thrice, then I must be an irrational entrepreneur. But who cares? Progress depends on the unreasonable man, right? Apple toasts the "crazy ones," and they're a monolithic multi-billion-dollar organization, so they're probably on to something.* It takes a wise man to learn from experience, but it takes an entrepreneur to repeatedly ignore it. And as the case writer walked to the door of his former co-founder, he decided he wanted to ignore it once again.

Jacob Stern, a former case writer and a living monument to failure, stood outside his friend's door, ready to pitch his latest idea.

Jacob Stern, who had been badly burnt from the startup world (but with fingers still intact), was steeling himself for another invisible scar of failure.

Jacob Stern, a startup insider, had an ingenious scheme to disrupt the entire early-stage funding industry. He was especially looking forward to the delicious irony of a venture capitalist investing in their own downfall. *I bet that won't even be that hard of a sell. But this might.*

Jacob held his breath as he knocked on Ben McDougherty's door. *Would he join me? Would he even want to? Will he want to grab a burger? Would we finally dine on a success we only tasted before? Does it even matter if we don't?*

Unsure of the answers, the door opened, and Jacob stepped optimistically into his undiscovered future.

Appropriately, he farted on the way.

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Just who is this asshat?

Originally, when I wrote "Flailing Fast" in 2011-12, I hid my identity to ensure that I could say anything. Since publishing this work, I've done a lot of healthy introspection, and some unhealthy introspection (protip: several dozen MRIs significantly increases your chance of cancer and sheds zero light on the abstract nature of what lies inside you). Today, I've come to the conclusion that I shouldn't dissociate my creative work from my real identity, whatever the consequences.

So, in that spirit, my name is Josh Cincinnati. I have worked on my own startup and various other places. I got my MBA at Stanford and received undergraduate degrees in Political & Social Thought and Mathematics from the University of Virginia. The last time I ever wrote something this long and unintentionally funny was my undergraduate thesis. I have an irrational fear of failure, which made writing this rather tricky -- I would, at times, start crying incoherently after editing chapters. I briefly considered using a comfortable, pseudo-scientifically approved shade of blue for the book's typeface.

If you're interested in discussing the book, please use #FlailFast as the "official" Twitter hashtag, or follow/tweet/verb me at @ACityInOhio (if Twitter is around when you're reading this).

Against my better judgement, I want to support your work.

...really?

Yes, now don't make me change my mind.

Right. You rock. Ever the technophile, I have some cryptocurrency addresses listed on <http://www.flailfast.com/> -- please consider donating there, and thanks!