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Interview with Robert Higgins
Highland Capital

July 2001

Interviewer: Amy Blitz, HBS Director of Media Development for Entrepreneurial Management

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ROBERT HIGGINS

Robert "Bob" Higgins *(Highland Capital), HBS 1970, began his career in the admissions office first at Harvard and then at West Point. He went on to the U.S. Treasury where he realized he preferred small teams. He then led various foundations, including the Florence Burden Foundation, the Robert S. Clark Foundation, and the John A. Hartford Foundation. During those years, he developed an interest in healthcare. Eventually, he thought venture capital might be a more effective way to build healthcare businesses so he joined Charles River Ventures before launching Highland Capital Partners in 1988. Highland's portfolio today includes US Labs, Avid Technology, Continental Cablevision, and Somatix. Bob described his experiences in a video interview on the HBS campus in July 2001. Interviewer: Amy Blitz, HBS Director of Media Development for Entrepreneurial Management.*

The Early Years

I grew up in Medford, Mass., just outside of Boston. My father was involved in really small retail sales—everything from being his own little Fuller Brush salesman to several other things—just surviving, really. He was always a great believer in getting out to sell and to start something. He was always looking for a second thing to do. Then he settled into a very stable, long-term role in a very large company. The minute he retired, he started a whole new career. From age sixty-five until his late eighties he was an arbitrator. He started his own business working through the American Arbitration Association, doing arbitration and mediation. He built an enormous practice doing that and, if not for the physical limitations, he would still be doing it right now.

I was the youngest of four children. We all had many different jobs growing up, from newspaper routes to gas station attendants to every other kind of odd job. I must have had a thousand different jobs over the years. Learning how to work was something that was really emphasized while I was growing up. School came first, but learning to work and learning the value of a dollar was an important part of my early education, both at home and at school.

I went to Harvard for college. My early introduction to Harvard was as an usher at the Harvard football games. Actually I don't know how I got into Harvard. I worked for six years in the Harvard College Admissions Office while I attended the school, but I still don't know why I got in. I had been very interested in going to Harvard for many different reasons. Obviously, I had great respect for the school. I was also very enthusiastic about the Harvard community. I knew some people in and around Harvard. And I was very excited about Harvard Hockey.

I remember playing in a high-school hockey game when the Harvard Hockey coach was the referee. Bill has just retired as Harvard's athletic director and, before that, he was the Harvard hockey coach. When I was in high school, Bill had just come off the 1960 Gold Medal Olympic Hockey Team. I think I made a good save in some game when he skated over, took the puck away, did a kind of double-take and asked me my College Board scores. I don't think I was recruited into Harvard for hockey in particular, though, although I was a decent high-school goalie and I was lucky enough to play varsity hockey when I was at Harvard. Hockey was an important part of my early life and an important part of my Harvard experience. Another important part of my experience at the school was that I worked the whole time. I worked the whole four years I was an undergrad in a lot of different jobs, including in the Admissions Office, which I particularly enjoyed.

I think it was working in the Admissions Office that got me interested in going to business school, although I was interested in nonprofit management. The idea of an MBA made sense, but studying history was what I loved. I loved Winston Churchill's view that the further we look back, the further we see into the future. That notion has always served me well. I think that history *does* repeat itself and that all the mistakes of the past, whether it's in young companies or in countries, tend to be repeated. If we can anticipate mistakes, it makes a huge difference.

I'm also a great believer that sports and competitiveness make a huge difference— learning how to take lumps, get up, and keep going. I think that team sports are particularly valuable. One can get an awful lot out of being in wrestling or playing singles tennis, and I think it's a great experience. But there is something about, let's say, the locker room before an ice hockey game, or between the periods when you're ahead and between the periods when you're behind. It's really important how you handle winning and how you handle losing.
Many of the teammates I played with in high school and college went on to be college coaches. The Women's Olympic coach, Ben Smith, was a college classmate. Jack Parker, the BU coach, was a high-school teammate, and various other friends have coached college hockey. So I'm a great believer, partly due to their insights, in how college and team sports, and even youth sports for seven- or eight-year-olds, influence how people cooperate, work together, take on leadership roles, take on supportive roles, and appreciate what it is to win.

In fact, we've talked a bit about the sports analogy at Highland—particularly about ice hockey. Hockey is one of the few sports that gives a lot of credit for an assist, not just for a goal. At Highland we think it's very important to keep track of who helped someone else get a good deal done, or make a good deal be successful. So we keep track of the assists as well as the goals.

The HBS Experience

I was in the Harvard ROTC program as an undergrad. When I graduated from Harvard in 1968, the Army gave me a two-year deferment for graduate study. I had two years to complete a degree program, so I made the decision to get an MBA. I also had an interest in nonprofit management. A colleague from the Harvard Admissions Office had an MBA. He eventually became the assistant to the president for financial management. There were others who were models for me as well and had Harvard MBAs. The idea of bringing a hard skill to the nonprofit world appealed to me.

While I was at HBS, I was a freshman proctor and a freshman advisor, staying involved in the Yard. It was a rebellious time, a time when Harvard blew up. There was the so called occupation of University Hall when I was a first-year MBA student. It was a time when people questioned large institutions, government institutions, nonprofit institutions, and certainly corporations. That made me think about small organizations. Just as I enjoyed teams and small or intimate groups, I also thought that maybe there was something better than working for a large corporation.

In the curriculum and among the student body at HBS there was a general belief that a career in a large corporation made sense. Then there was a breakpoint, probably between 1967 and 1969, when Harvard MBAs began thinking about starting their own companies or joining smaller companies. They began to think that maybe the large institutions weren't where they wanted to spend their careers. I think that was a bit of a cultural shift in the 1960s, partly related to negative things like the Vietnam experience, but also related to positive things like the economic boom and the successes of the World War II generation.

The successes of the World War II generation made it possible for the next generation, my generation, to have the resources to start their own businesses. The World War II generation gave us the flexibility and the financial resources to do something creative. My father was entrepreneurial, but when people took a job in 1928, they didn't think about leaving it shortly thereafter. And if you had a job through the Depression, you didn't change jobs after that. I think our generation benefited from economic stability and economic growth, which created an entrepreneurial generation. We're still entrepreneurial, more than two generations since then.

Army Years

After HBS, I was stationed at West Point. I was given orders for one year at West Point and one year in Vietnam. I showed up at West Point in the summer of 1970 when Congress decided that the world wasn't coming to an end and cut back on the number of people on active duty. So I was informed after five months in the Army at West Point that I would be reassigned to reserve duty and would no longer be on active duty; my orders to Vietnam were cancelled. I was surprised when my orders were cancelled so being in Vietnam was not an experience I had. It's an experience that I may have been very lucky not to have had. The experience certainly scarred a lot of people.

At West Point I was working in the Admissions Office. Theoretically, I was going to do some hockey coaching as well but I was never there long enough to do coaching. Lots of interesting people were at West Point then. Arthur Ashe was the tennis coach. Bobby Knight was the basketball coach, and it just went on from there. West Point was really quite a fun environment. I went down to Washington after that.

Early Career

I had been interested in a lot of different things, such as nonprofits and public policy, so I went to Washington and ended up joining the U.S. Treasury. It was a very unusual time. I joined in the spring of 1971, when John Connolly became Secretary of the Treasury. There was an enormous trade deficit and major capital outflows pouring from the U.S. Paul Volker was the undersecretary for monetary affairs and I was part of a little group that was functioning as Volker's staff. I was a junior guy in the group, but as the assistant to the head of the International Division, I got to see most of what was going on.

It's kind of ancient history now, but one of the big shifts in U.S. economic policy back then was the decision to go away from the gold standard and to freeze wages and prices in the United States. I got a call from Camp David where the president and four others were spending the weekend. I was probably the first person they called. They alerted me at 5:00 a.m. on a Sunday that the president was going to go live that night and announce to the American people that all wages and prices would be frozen, all goods on the high seas would have a 10 percent surcharge, and the U.S. was no longer going to honor the gold standard.

My job was to make some phone calls and get the office going. It was a pretty exciting time. It was like a war. Richard Nixon went on TV at 9:00 that Sunday night to announce it. It was August 15, 1971. The intensity, the secrecy of it all was incredible. We were talking about trillions of dollars, so only a very small number of people were handling the announcement. In fact, I think no one in the State Department knew until late on Sunday afternoon that the U.S. was going to make this move. It was quite a dramatic move, engineered by the White House.

When I say the White House, I mean a small number of people there plus the Treasury. It was a pretty massive program. Literally the salary of every employee, every taxi driver, every employee at Harvard Business School, and every Fortune CEO executive—even the price of every carton of milk—was frozen for an indefinite period. It lasted for quite a long time. It took months and eventually years as prices were freed up. It was really the U.S. coming out of what appeared to be massive inflation.

It turned out that the program for change created severe economic disruptions and is good evidence of how hard it is for governments to solve a small problem. Government has a way of making small problems into big problems, and during this time it was a war-like environment in terms of the intensity, the secrecy, the impact, and the number of lives being affected. It was certainly front-page news in the *New York Times* every day for the next four weeks.

During this time, I saw big government in action and I enjoyed it. I was lucky to be a fly on the wall during a massive change. While I was the assistant to the Secretary of Commerce, I was also the junior guy in the five-man team that negotiated the first trade agreement with the Soviet Union. You could say I was part of the five-man team, or you could say I was a junior guy who went for coffee, which is probably a more accurate way to describe my role.

Anyhow, it provided great insight for such a very young person. Part of the reason I liked Washington was that it's a great way to see how the world works. I saw the frustration about how hard it is to affect policy. I became a great believer that government does a pretty good job, but I learned that it's hard to have a lot of impact. So I became more interested in the "micro" than the "macro," and my career for the last twenty-five years, since leaving the government, has really been about funding social entrepreneurs and business entrepreneurs.

I think my two years in government were, after Harvard Business School, the most important years of my education. They gave me a roadmap of how the world works, and how the economy works. My time in government also taught me that the people at the top are really just average people trying to deal with massive problems. I also learned that to change things, "all politics is local," as they say. I have learned that everything in life is local and everything in business is local. Understanding what happens locally, understanding what happens when something new is formed and how powerful something new can be, were the real lessons of being in big government.

I hadn't had a particular interest in entrepreneurship when I was at the Business School. I think entrepreneurship was new to me. I was one of the people who came directly out of undergraduate school and was too busy just learning the language of business in my first year—learning what accounting and marketing and finance really are. I'd had lots of work experience in part-time jobs, but I don't think I really had the time to step back and think that much about big vs. small companies.

My mind was occupied with these ideas about public policy and nonprofit management. A lot of my courses were geared toward those kinds of careers. I learned through my time in D.C. that government wasn't where I wanted to spend my time. I decided that I really wanted to do something smaller, though I still had my interest in public policy and in changing the world. But I began to think that the way to change the world is through doing small things, not big things.

Lessons from the Burden Foundation

Some people I knew told me about a small foundation that was just getting started, called the Burden Foundation. Among other things, the Burden family built Burden Hall here at HBS. The Burden family's vision, particularly the vision of William Burden, was to make their small foundation a powerful engine, and to lead other foundations. One of the ways they did that was to become more than just a family board. They brought some incredible people on the board. Marvin Bower, who founded and built McKinsey, became chairman of the board. A leading investment banker and venture capitalist joined the board. The board also included the partners of the Burden Investment Firm, who were knowledgeable about private equity investing as well as public investing. This was 1973, when venture capital was just getting started.

My offices were located with the Burden family offices. The environment was like a little venture capital firm; even though most of the Burden investment activity was in public stocks, they also did some private investment. The topic of venture capital kept coming up and we began to think that the Foundation ought to use its grants the same way a venture capital firm would use its capital. That meant finding ways to distribute the grant money for making significant impact. It meant treating the grant money as very special capital. Just as venture capital is very small relative to big public capital or bank debt, the Foundation money could be high-impact/small-money relative to the rest of funding for philanthropy. Foundations are about 5 percent of philanthropy, individual giving is about 90 percent, and the remaining 5 percent comes from corporate giving.

The Foundation was working with the idea of using its money to have high impact. I wrote an article in 1976 about the venture capital model and how it could be applied to foundation grant making. Actually, in the last few years, the topic of venture philanthropy has become a hot topic and I'm still very intrigued by it all. I think foundations have a unique opportunity. There is a small group of people in the world who do not rely on reelection or profit to survive, and foundations have an ability to fund those people and, essentially, act as the venture capitalists of the social world.

For example, the Foundation was very interested in issues related to sentencing reform, so we funded a study that was going to lead to a book and a conference. We decided to get the Brookings Institute involved and to time the conference so that several Supreme Court Justices could attend. Instead of a conference for 2,000 we created a conference for fifty. We timed the conference right at the end of the Supreme Court session and we had at least three, if not four, sitting Supreme Court Justices attend. When you get three or four Supreme Court Justices in a room where everyone agrees that there's a problem that needs to be solved, the problem gets solved pretty quickly. That conference is an example of what we did with a $15,000 grant. We could have spent $15 million on all kinds of experimental programs and sentencing reforms that would have yielded nothing. So the key is to figure out how a very small amount of money can have a big impact.

At the Burden Foundation, I was given this incredible opportunity by a great family who had built a great board of directors. The board was this incredible think tank and there I was, at age twenty-five, as the CEO, with these terrific people behind me telling me that we should make a huge impact. We talked a lot at the Burden Foundation about our criteria and what I really learned about is betting on people. The conversations at those board meetings and the side conversations were all about betting on people. I just distilled the wisdom of those board members who had done so many amazing things in business and government. What I learned from them—and it really has been the guiding principle for me in venture capital—is that great people make a big difference. Great ideas are important, but backing great people is more fundamental and more reliable and leads to greater things.

I think that a lot of people in the foundation world or in government grants programs or in venture capital look for a great idea, a great market, or a great technology. Yet very few of the great successes we've had at Highland have come from implementing the original strategy. Take, as an example, the Indianapolis 500. You drive around an oval track and it's pretty predictable. It's very rigorous and I don't mean to diminish it, but, in contrast, in Le Mans you'll see people taking very sharp turns every few seconds. I think the Le Mans analogy applies to entrepreneurs at the early stages in their companies because they are constantly changing their strategy. People are changing, competition is changing, the technology is working or not working, and the market is evolving rapidly.

The great entrepreneurs are people who are capable of making quick turns, actually implementing new strategies, sometimes a second, a third, or a fourth strategy, in the first year or two. They are constantly changing, constantly refining. During my time in the foundation world, I learned that the great people, the great social entrepreneurs, are people who take an idea or a problem, apply some capital, and in the middle of the battle recognize that a whole new direction might make more sense. That's why backing great people is a lot more important than backing great ideas.

At Highland we try to understand where people are coming from. There are great people who are particularly talented and who have an ability to lead other people, to convince others to do difficult things. These people are insightful and can see new opportunities. But to some extent we first look for resolve, for people who are willing to keep going when things look darkest. We sometimes shock the people we interview when they bring in a business plan. They come to talk about the management team but we will often ask about where the person came from. We will ask someone to tell us about his last three jobs and then we'll ask him about his education and then we'll say, "Well, can you tell us a little more than that. Can you go into your background?"

They're often a little bit hesitant, but we'll get them talking about the fact that they grew up in Indiana and, before they know it, they're talking about their parents, one who immigrated from Poland and the other from Russia. Before long we're talking about their grandparents and what their motivations were and what were their parent's successes and failures. I really believe people are the result of their upbringing and I think there are a lot of people—both men and women entrepreneurs—who are very motivated by their own successes and failures in the family. I think some people are driven by their history. I think that when it gets to be two in the morning and the technology is not working, some people go home and some people stick it out and stay all night to fix it.

I think you can detect those qualities if you listen long enough. As Yogi Berra said, "You can sometimes hear a lot by just listening." If you sit long enough and listen long enough, people will tell you what you need to know about them.

I don't think there's anything that someone could say that would break a deal. I think when we're trying to decide whether to do an investment, as much as I say that we want to back great people, the truth is that great people also tend to find great markets and great technology. They tend to build great teams and they tend to be able to be great leaders. It's somewhat simplistic to say that we just back great people. There's no one thing that causes us to not do something. Venture capitalists have lots of rules-of-thumb. For example, we avoid family businesses and we avoid married teams. There are lots of rules-of-thumb, though those rules should sometimes be ignored. There's no one thing that makes us walk away.

Moving into Healthcare

I was at the Burden Foundation and then the Clark Foundation. It was at the John Hartford Foundation that I began to focus exclusively on healthcare. It was the late 1970s, the beginning of the HMO movement. Jimmy Carter was looking for some way to contain costs in healthcare and there was a big White House conference with a lot of talk about very heavy doses of regulation. I had already learned through my experience in regulating all wages and prices in America that big government programs don't work. So I became very interested and built a team at Hartford to focus on how financial incentives could improve healthcare quality and provide cost containment. We looked for opportunities to fund innovative programs around the country. Some of our projects included about twenty HMOs.

We would go into a community and get key people together. In Des Moines we got together the Des Moines Register, a union, and some local businesspeople and we conducted a study about what was going on in healthcare. In Utah it was the Mormon Church, a key senator, and the governor who all came together. We would go into these communities and bring all these people together and get them to look at the healthcare situation. Only foundation money could bring these people together. Inevitably, these activities led to an initiative of some kind and, often, the creation of an HMO. We found that local communities, with just a small amount of working capital, could solve healthcare problems on their own, but without a little guidance and without flexible funding, these same groups were natural adversaries and couldn't come together. That really is the miracle of foundation funding. I think some of the best things we did were in those communities I mentioned.

There was also a lot of interest in trying to get government to change how it behaved. A good example would be what happened in Rochester. All the hospitals in key counties in and around Rochester were talking about some kind of healthcare initiative. The problem was that they didn't have working capital and Medicare wasn't really going to join in and Blue Cross Blue Shield was finding it very hard to do anything on their own. We put up a few million dollars at the Hartford Foundation and helped create something called RAHC, the Rochester Area Hospital Corporation. All ten hospitals agreed to work together, which then made it easy for Medicare and Blue Cross to join in. RAHC led the nation in improving both quality of care and cost containment at the same time. It's an example of how a very small amount of targeted money can provide leverage.

That's the point of foundation funding: not only to fund things that are innovative but also to make sure that the innovation is going to stick. Of course, there will be failures. You are not expected to bat 1,000, but you are expected to fund things that will have high impact. That's the spirit of venture capital today, to do things that have a reasonable success rate and can make a big difference. What venture capitalists support can make a big difference in certain markets for solving certain problems. That's the lesson I've learned.

That was what we were trying to do in healthcare at the Hartford Foundation. We were trying to leverage unions, corporations, governments, Medicare, and others in some very powerful ways. We saw local communities as laboratories for change and emphasized that healthcare can be delivered in a high-quality way without unlimited spending. In the 1960s, huge access was created by Medicare and Medicaid. But now the country was at a point where we were likely to rely on government as the one solution in healthcare. At Hartford we helped create examples where incentives were in the right place. HMOs are one example. Rochester Area Hospital Corporation was another. One of our advisors was Paul Ellwood, the guy who coined the term HMO and PPO and most of the other initials that we hear in healthcare. Before initiatives like HMOs came along to address cost containment, we were on our way to a much worse solution. Innovative people, by definition, are looking for new ideas. They tend to go to the places where those ideas happen, such as conferences, universities, and workshops. If you hang out where they hang out, you'll find them. It's apparent very quickly who is coming up with new, innovative ideas. Though I'm still talking about the foundation world, the same holds for venture capital. The way to spot great innovations is to wear out a lot of shoe leather. You've got to get out of your office. We used to joke at the Hartford Foundation that annual bonuses would be determined by the number of pairs of shoes you wore out that year. Everybody on that staff, all my program officers, were constantly attending conferences, calling people, seeing people, bringing ideas to social entrepreneurs, talking to the hospitals and the physicians. That's how ideas would surface. Very few great ideas showed up as grant proposals in the in-box. Frankly, very few great business plans show up in the in-box in venture capital. They come from VCs taking the initiative.

Heading Into Venture Capital

I started my own business when venture capital was just beginning to take off. It was about 1980 when I began thinking about it and a few friends of mine were in venture capital. My VC friends seemed to be the only people who were having as much fun as I was having. They really enjoyed what they were doing. I was becoming intrigued by what was going on in biotechnology and the emergence of software investing. At the time, Genentech and Apple Computer were just on the horizon. I had gotten back in touch with friends from HBS who were already in venture capital, friends at Accel Partners and Venrock.

I had two great interviews that really convinced me to join venture capital. One was with Peter Crisp, who was running Venrock. He told me that it made no sense at all for me, that the foundation world was a great place to be and I really ought to build a career out of that. But, he agreed to get together for coffee one morning and I knew it was a good meeting when we met for coffee at 8:30 and he looked at his watch and said, "You know, it's 12:30. We should go have lunch." I really owe a lot to Peter. In the first half hour, he tried to talk me out of going into venture capital. Then after he realized that what I had been doing in the foundation world sounded a little bit like venture capital, he went from being a skeptic to an advocate and really gave me some great advice.

Part of Peter's advice led me to Charles River Ventures, and that was the other great interview. Pat Lyles, who was one of the founders of Entrepreneurial Management at HBS along with Howard Stevenson, interviewed me. The meeting was similar to my interview with Peter Crisp except that Pat was slightly more skeptical. Pat actually looked at my resume and said, "This is very interesting. You've been in government, you've been in the nonprofit world, you've now been out of Harvard Business School ten years, and you've never worked for a company. We're really desperate to hire someone, and I've looked at 300 resumes, but I think this is the worst resume I've seen. You have to be kidding." So I kind of apologized, made a joke about it, and started talking really fast.

The same thing happened with Pat that happened with Peter. What I thought was going to be a half hour and out meeting went on for a couple of hours. I left thinking, "Gee, that was a disaster. At least I neutralized the situation." Then I was at the elevator when I heard the door blow open—and those who know Pat Lyles can appreciate this because of his incredible energy. He blasted through the door and said, "One last question. I don't know if we're interested, but if we are, when can you start?" So I knew some progress had occurred. I joined Charles River Ventures soon after.

Becoming an Entrepreneur

Pat died eighteen months later in November of1983. He was a critically important mentor for me and for so many people. In fact, Howard Stevenson and I delivered the eulogy in Belmont. Pat's passing was a real turning point in my life. Losing a mentor makes you think about what else you might do. That was a big part of why I started my own firm.

When I decided to start my own firm, it was not an easy time in venture capital. It was not an easy time at Charles River, or at any venture capital firm. In fact, Charles River was probably doing as well as anybody. Of course, after things turned around they went on to be a great firm. Anyway, it was a good time to stop and reflect on what was going on in venture capital. We had the burst of a big public market in 1983. June of 1983 was the peak of the first high-tech market, but by the end of 1983 and into 1984 things were looking a little bleak and it was not clear that venture capital was going to be quite the success story we all hoped. The companies that were really successful early on weren't necessarily going to do well. It was not clear that Microsoft was going to be the giant it became. Also, there were forty-two portable computer companies. It's nice today to say how creative Compaq was and how great it is that they went from being a portable computer company to a real computer company, but there are forty-one failures for that one survivor. The same was true in the software era as well.

It was a difficult time. The stock market that had fallen in love with technology fell out of love and it became more difficult to raise capital. I think the whole industry was in a period of reflection. There have been several other periods of reflection, too, and we're in one right now. In the love-hate relationship that Wall Street has with technology, we are currently in a non-love period. That will change. It has changed a half a dozen times since I've been in venture capital. History repeats itself. And the love comes back not because Wall Street forgets about its problems, but because technology is so amazing. So many new things are happening and another generation of phenomenal technology and phenomenal companies will present themselves within the next year or two. Once again, Wall Street will give those companies the capital to be great companies—that's the amazing thing about the stock market.

Defining the Opportunity

Paul Maeder and I had been partners together at Charles River, and we had a new vision about venture capital. At the time, the ideas we had were unique. For example, ideas about focusing investments by industry and building a team with specialized knowledge were really not accepted in the mid- to late 1980s. In fact, a roaring debate between specialization and generalization was going on. Since then, we've learned that successful venture capitalists *do* have specialized knowledge of an industry, though they bring the skills of a general manager. So the answer turns out to be both.

Paul and I believed that it was important to bring specialized industry knowledge to bear on venture capital investing. We also decided that it was important to back early-stage companies and put substantial capital behind them. Often, too many investors were involved in a deal. It's good to have an investment or two, but we've found that smaller, more-focused syndicates make sense. We built a strategy around this and, just like any entrepreneur with a burning idea and a new strategy, we wanted to try it out on our own.

The folks at Charles River were very helpful and declared us to be a successful spin-out. Without their support, we would not have been off to such a quick start. We owe a great debt to them for helping us. We went out in early 1988 to raise capital and implement our strategy, which was to build a team, make early-stage investments providing substantial capital, and focus by industry. As Andrew Carnegie said, "Put all of your eggs in one basket and then watch it very carefully." We decided to focus rather than spread ourselves across too many industries or too many companies or too many regions. Now, thirteen years later, our founding principles have been accepted and don't seem so unusual or radical.

Something to know about venture investing is that if customers are not willing to innovate, then it really doesn't make a lot of difference whether or not you come up with a better product. Building a better mousetrap makes no difference at all if the market isn't going to accept it. Take healthcare, for example. If you look at the amount of money being spent in healthcare today and the importance people place on their health, you see an enormous interest in change. There are a lot of industries, such as agriculture or autos, where there isn't a sense of urgency for change. But in healthcare, if someone comes along with a new cardiovascular device that works well, physicians will change their behavior. Size of the market is determined by a customer's willingness to change behavior and willingness to spend money on innovation. The same is true in communications. We've seen the world of communications change radically over the last decade, and it will change even more over the next decade. Also, software is driving most innovation in the world and so demand for software is insatiable.

I think all three of these industries—healthcare, communications, and software—are just beginning to make changes and will produce far more changes in the future. When we founded Highland, we thought these three industries were the high-growth industries for the next five years. I won't say we were looking further into the future but, in retrospect, those have been the high-growth industries for the last fifteen years. We raised a new fund recently, and we still think healthcare, communications, and software are going to be the industries to invest in for another five years—maybe another fifteen years.

Launching Highland

When we formed Highland, we were four general partners. I was the healthcare guy, Paul Maeder was the software guy, Phil Boyce was the communications guy, and Harry Wilcox was a fourth partner. He was our CFO. Having a CFO was partly related to the fact that we thought it was important for us to keep clear track of our internal numbers. Also, in keeping with our philosophy for supporting companies, we decided that Harry's job was going to be more than keeping track of our own books. He would also be available to provide support for our portfolio companies. A key part of our strategy was to build an organization at Highland that would not only fund, but would also advise its portfolio companies. In addition to providing a board member, Highland would provide people who could help the company. Today we have VPs of marketing, recruiting, and finance. Each of these has a staff, and those three functions spend about one-third of their time on internal stuff and about two-thirds of their time on portfolio companies.

One of our successes is with Avid. This interview will probably be edited on an Avid. Avid set the standard in video editing and is an example of a great company we backed. It was one of the first deals we did at Highland. Sybase was another one of our first investments that ended up being a phenomenal company. In communications we backed Continental Cable, which was not a start-up at the time. One of my partners had worked at Continental. The company was still private and it was a good thing to invest in. We've sold companies to Nortel and Cisco and taken some companies public.

We've done a mix of work in healthcare. One of our first investments was in a medical- device deal with a company called Origin, which Eli Lily bought and which became one of the founding components of Guidant. One of the cases I teach at HBS is about the early days of Guidant and their whole business development strategy. We were also very interested in healthcare services and how healthcare services were evolving. We had a big win in something called New England Critical Care, which then became Critical Care America. The company provides home care called home infusion therapy. The idea is that when really sick people are cared for at home, where they want to be, they can receive intravenous care like antibiotics or chemotherapy. This was a radical idea in the 1980s, that you could somehow do IV therapy outside the hospital. Home infusion therapy ended up offering cheaper and equally good care, while also being more acceptable to the family and the patient.

Another one of our companies was the fastest company to go from start-up to the U.S. Stock Exchange. It was called Renal Treatment Centers, or RTC, and was a consolidation in the dialysis industry, founded with the belief that there was a whole new way to provide quality dialysis care and take advantage of new therapeutic technologies. A new treatment had just come that really changed the lives of so-called end-stage renal disease patients or ESRD. The ESRD Program is a huge part of Medicare, so being able to cost effectively improve the quality of dialysis care allowed RTC to go public very quickly, raise enormous capital, and be a big win.

Marketing Insights

Avid is an example of how having a good idea and a good technology is one thing, but understanding how the market will accept it is just as important. Post-production houses were not necessarily going to like Avid's video-editing machines. Avid had great technology, but a lot of the professional editors who would be using it worried they'd be displaced. We went out and trained some of the leading editors around on the Avid. Once they were convinced, the rest followed. Now it's the industry standard. So, like Avid, figuring out whose ox will be gored, how to be accepted by an industry, how to get the distribution system to accept you, is the real brilliance of a lot of companies.

It's a lot like when New England Critical Care came up with the home infusion therapy. It's great that the patients are going to have better care and be happier by being at home and it's great that the costs are lower, but if you're suddenly taking high-margin patients out of the hospital, a lot of people are going to feel threatened. You've got to figure out a way to introduce your business so that you can get initial traction and not see an industry turn against you

The brilliance of a lot of great companies and entrepreneurs comes from that magic of a marketing insight that occurs very early on in a company. The company figures out how to take an enormous distribution system that, in a way, is working against them, and then turn the system to their advantage. The marketing insight—not the technology breakthrough—is probably the key insight for a young company. The technology is important and getting it to work is important, but very few venture-backed companies fail because their technology fails. They fail because of an inability to adjust to the marketplace. The failure is in the business model itself or an inability to tweak the business model as the market responds to your new idea.

It's also part of why when we build teams many of our technology companies don't want to build a sales force or a marketing organization early on. They already have people in the company with marketing insights and even sales insights, a year before they're actually selling products. It's important to have someone in the company who thinks like a salesman and who is out there talking with customers. Also, when it's time to do the beta testing, you had better be out listening to the customers.

I think many technology companies are too dominated by technologists. I mentioned Origin Med Systems, which became part of Guidant. Origin's initial application was in gall bladder surgery. Their brilliant insight was to recognize how the general surgeon behaves, what his problems are, and which surgeons would perform the new procedure. Figuring out what it would take to convince surgeons to accept the new procedure was the key breakpoint. It was one thing to figure out how to get something inserted into the abdomen, then get the video in there, and then get the surgery done correctly. But it was also critically important for Origin to figure out how to get the right surgeons, who were the industry leaders, to accept their new procedure. In addition, they had to figure out how to structure training programs. Whole facilities were created to train these surgeons. Then, once Origin found very good surgeons, it was critically important to surround them with credibility and use them to train other people. Origin needed to get the service companies involved as well as some hospitals that would be willing to experiment. They really needed to spread the word because only then would the products really be used.

With the home infusion business, we had to convince first the really good critical care nurses. They could start an IV on their own in homes but there was no help if they made a mistake because there wasn't a resident down the hall. Getting the great IV nurses to be willing to go out to a home and give it a try was the first clinical challenge. Then we had to convince the payers to accept this approach. That meant meeting with and convincing the payers, such as Blue Cross Blue Shield, that this innovation was in their interest. Payers are reluctant to see change but if you can show them a significant benefit, they will adjust or, maybe, give you a trial program. So overall you've got to bring in every point-of-view in your market—the customer, patient, hospital, nurse, payer, etc.

Eventually, you've also got to get the big money. The big money is government money, so you've got to get Medicare or Medicaid to act. That may require going to Washington and selling it to the Medicare system, which is a very slow, difficult process. Even though your solution might be dramatically cheaper, it's still going to take a while to get existing practices changed. It really is a very unusual marketing challenge. If you don't get the right people involved early it's not going to happen.

Managing for Success

"Near-death" business experiences are part of being in venture capital. It's like asking a surgeon if he's had any near-death experiences. He probably wouldn't know how to answer because every day includes a near-death experience. Not to overdo the medical analogy, but one of my partners likes to point at our wall where we have framed our thirty or forty winners and he likes to say that every one of them was in the intensive-care unit. I think it's pretty much true that every successful company has gone through a period where it looked like it wasn't going to make it. Nothing grows straight to heaven and in almost every company there have been some very difficult times. Most companies have difficult hires—employees who aren't working out. As a venture capitalist or as a board member, you get involved in these personnel decisions. There have been many times when we have had to advise people that they really don't belong at a company. Often they're pretty good people so they pop up again as part of another company.

What matters is how you handle people. Handling how people are fired is actually a very important part of being in venture capital. I remember there were two founders in one of our healthcare service companies. One of the founders needed to be fired and the other founder agreed but didn't want to be the one to deliver the news, so I had to do it. Eventually, the company went public and was a huge win for us. A couple years after the company was public and successful, I ran into the co-founder we had fired. I thought it was going to be an uncomfortable situation. But he said his wife thanks me all the time for having him leave the company. In fact, he told his wife that the company wasn't the right fit for him, he wasn't the right person for that job, and he might have prevented the company from being successful. He said his wife was going to name his summer home after me. I thought that was pretty amusing. So making the right decision, explaining it to people, and recognizing what people's skills are is a good way to let someone go.

One of the big mistakes that can be made in venture capital is that people who don't fit in a particular venture are pushed aside. I believe everybody who has ever been involved in one of my companies will continue to be involved with us somehow. Sometimes, there's a strained relationship—I'm not suggesting that this is all wine and roses. But some of the best entrepreneurs we've backed have failed at other things. Maybe everybody we've had who is successful has failed at something else. A key component of being a successful venture capitalist is to figure out why people are failing, coach them, advise them on where they should head, and maybe even stay in touch with them. Great people don't necessarily belong in their initial home, and finding them a new home is the real genius of management.

Learning from Failures

Etoys was a very public failure, though it was actually a big financial success for us. Etoys was one of our companies that went public. We were able to get out of that company at the right time and it was an enormous financial success for us. But as I look back, I think the company should have been successful. I think the problem was that the industry was too arrogant. People learned that it was important to build relationships with other companies. It would have been possible for Etoys to forge some great relationships —whether it was with a Toys R Us or a Wal-Mart—and those relationships were potentially available. Etoys had a good business model but they ran out of capital. When Wall Street decided that e-commerce was shaky, it was suddenly impossible to find capital. Earlier on, Etoys could have raised substantially more capital. There are a couple of the lessons from Etoys: first, don't be too arrogant to think you don't need help or that you don't need strong relationships. Give up a little to forge those relationships. Second, when there's capital available, take it.

You cannot have too much capital in a young company. That would be advice for young public companies or for private companies. When the capital is there take it. You never know what might happen. I spoke to Steve Belkin, a Harvard Business School graduate whose case I have taught, and he makes a comment that I use in my class. I don't know if Steve originated this comment but I love it. He says, "When you are crossing the desert and you're buying water, it's going to be very expensive; but it's a lot more expensive in the middle of the desert, so make sure you take more than enough." I think it's the same with venture capital. Make sure you take plenty of capital. There have been times at Highland when, as investors, we really haven't had enough capital to handle a mistake. But mistakes will happen. Surprises will happen. So it's best to be prepared.

We at Highland were very lucky during the whole e-commerce era. We made a lot of great investments that we cashed in on long ago, like Mapquest, which we took public and sold to AOL, or Nexcard, which is the leading credit card marketing company, or Staples.com. Ask Jeeves and Lycos were two great investments. In fact, the CEOs of Jeeves and Lycos are both now partners at Highland. We had a very large number of very big wins in e-commerce. We believe e-commerce is real and is here to stay.

What we really learned in e-commerce was that there was a lot of hubris among people who were going around saying that the big companies just didn't get it. The truth is, the big companies did get it, and they got it faster than anyone expected. A lot of the startups weren't prepared for that. Staples.com is a great example of a company getting it. I think they recently announced that they're close to a billion dollars in on-line revenue. We backed Staples.com and we also did a deal with *The New York Times* with *The Times Digital*, so we were rather lucky because we cashed in with some foresight very early in e-commerce. Then we turned our later investments to the so-called brick-to-click investments where we worked with the bigger companies. *The New York Times* and Staples were two examples of that.

I think Wall Street has decided that e-commerce is dead, and it isn't. People have decided that certain parts of the communications field are not really as big as we expected. Well, sure, there's going to be a glitch, but these markets are going to be enormous. Wall Street has decided that these companies really aren't as valuable as we thought, but many of them are going to come back rapidly. Wall Street also underestimated the industry in healthcare. Even though the year 2000 was a tough year for the IPOs in IT, it was a record year for Highland in medical IPOs. We had six IPOs in the medical area in what was supposed to be a dead stock market. To us, our success proves the strategy of diversification as well. I think Wall Street is now on the hunt for new things, and will be back to software and communications. The great companies being built now will definitely get rewarded.

Another thing that makes companies succeed is a lot of luck and constantly adapting. Dick Foster of McKinsey wrote a book called *Creative Destruction.* It's a great title for what the venture capital process is because the companies being funded are constantly recreating themselves. When I look at the businesses we've been involved in that have been big successes, the reason they're successful wasn't on the drawing board in the beginning. What makes them successful in year five probably wasn't on the drawing board in year three. I think of a company like Sybase, which was a relational-database company. There were a number of good relational-database companies, but Sybase became very good at online transaction processing because they knew online transactions were going to be very important to Wall Street and the financial firms. Sybase seized the moment and really focused on that sector.

Highland Culture

The key successes at Highland have come from a good internal process for decision making. We really like to listen to each other. We really believe that one partner's insights on a project can make a difference. I think that respect for others' opinions comes from the fact that a lot of people at Highland played sports and they know what it is to be a team member. Each person focuses rather deeply in a particular industry sector, but when it comes to backing a company, all the partners will get involved. All the partners will meet a company's senior management team, at least, and the rather quick insights that can come from a meeting like that will be a real determinant of whether we do a deal or how we do a deal or when we do a deal and how we structure it. Our decision-making process reflects the decision-making processes I saw in other great firms. It's a belief that while one partner really should be responsible for deals, listening to the other partners will make a huge difference.

For Highland, I had a vision for how a venture capital firm should be built. Part of that vision was to get together a bunch of very good people, listen to their vision, share it, and meld it together. That's really what we've done. I had a view of what a venture capital firm should look like from talking to dozens of people at other firms. Even though I chair our Monday morning investment meetings, a venture partnership really is a partnership of equals. That's a key tenet at Highland. It really is not a hierarchical organization. I don't think venture capital firms can scale. I don't think you can have an unlimited number of partners. You can't be a McKinsey & Company or a law firm with structures that allow junior people to do a lot of the work. You can't have a hierarchical organization. Our view, fundamentally, is that the partners need to find deals, do due diligence, structure the deals, sit on the boards, and find liquidity.

Going back to a medical analogy, think about how great cardiovascular surgeons approach a case. They are very interested in talking to other surgeons ahead of time. They want another person's view. They like to have other people around and they're happy to have people watching them. They're very interested in getting a critique afterwards. I think great people —like great actors and great athletes—are willing to be coached. A critical measure of a good venture capital firm is the quality of the individual players, but another key measure is how willing the partners are to listen to each other. That willingness to listen to each other has really been a big part of our success.

Looking Ahead for Highland

In addition to making deals and investments in the medical area, part of my responsibility at Highland is to be the relationship manager for our limited partners. I'm the person thinking about strategy for the firm. I'm responsible for recruiting and fundraising. We just raised $800 million in capital. We're lucky enough to have a great group of limited partners who are very loyal and so the fundraising wasn't that hard. Still, it's a daunting time to be doing start-up investing.

One way to raise $800 million is to have a track record of successfully raising smaller amounts in the past. I think that the amount of money we raised fits with what we need to do. We really didn't want to raise much more. We didn't want to signal that we were going to depart from our early-stage strategy. We see the $800 million as being capital we raised over the past several years and we'll invest it over time. We're going to invest a $100 million fund extremely carefully, and when we get done we're going to go invest the second $100 million fund. That's how we think of capital, as one investment at a time and one company at a time. We have a couple of projects we're working on right now where the whole team is involved. It's very intense. The initial amount of money actually going into any one of these projects is quite small. Eventually, though, it could be a very substantial dollar commitment. The initial investment in a seed project could be less than a million dollars, but it's still an intense focus. The way to invest $800 million and the way to raise $800 million is to do each project very carefully—step-by-step.

Part of the reason we're raising more capital is that companies are using more capital. If you go back fifteen years when investments basically went into technology companies, mostly into modest little software companies that were selling to other small software companies, it was very hard to get the Fortune 500 to buy software from these young venture-backed companies. Back then, the technology companies used $5 to $6 million to get to where they were, and often there were seven or eight venture capitalists involved. Today, if you're building software that's going to go into the core network of a Lucent or an AT&T, you had better have a bullet-proof product. If AT&T is going to buy the product and spend six months in their laboratory testing it, you need tens of millions of dollars to build that product ahead of time. You're probably not going to have a bunch of technology guys coming up with a neat product. You're going to have a full management team building the technology, production, marketing, and sales force. All of these components are going to get put in place before the company has revenues.

Building a company today requires a lot more capital. If venture-backed companies used less than $10 million to go public fifteen years ago, they now might use $50 to $100 million. That's why we raise more capital, not because we're doing more deals. The number of companies in our portfolio is actually about the same as it's always been. The amount of time we invest the portfolio, which is about three or more years, stays the same. But the dollars going into a company have risen from an average of $2 to $3 million per company to closer to $20 million per company.

The good news in all of this is that when AT&T decides it's going to put your product into the core of its technology, they buy in volume, so the rewards are much bigger. I think venture capitalists can sleep better in the year 2001 than they slept in 1981 because the quality of the management teams they're backing and the quality of customers is so much better, even though the money at risk is larger. On the other hand, you could sell a product in 1983 and if there was a problem with it, the customer might tweak it, let you know, etc. Well, that's not going to happen today. No one is going to tweak the product. You may have a beta site that is going to work with you, but when you ship in volume, the product has to be near perfect.

Start-up.com

Being in the movie Start-up.com was fun and the people in it are great. In Start-up.com, GovWorks was the company who approached us for funding. I think it was because of my experience in government that they wanted to get me involved. Going back to my point about how there's a benefit to staying close with someone even after you've parted company, I actually spent a lot of time with the people from GovWorks after we decided to pass. I thought the company was a great idea but Highland decided not to do the deal for a very simple reason, and it goes back to customer adoption. GovWorks was going to sell its Internet service to governments. I spoke with an assistant to a mayor who said, "We think it's great. We're very excited about it. We think within the next six months to a year we're going to take it to City Council and within a couple of years we would expect to be using it." Well that's not going to make a company successful. GovWorks had a great idea, but selling things into the government space is very difficult.

I figured the movie would be shown to about twenty-five people in a small room somewhere, so it seemed to be very risk free. One interesting point about negotiations from the movie: at one point, the head of GovWorks is on the telephone and is very animated, saying, "We're at Highland Capital. They have given us a term sheet. We have one hour to make a decision." The fact is, he's talking to a secretary at a law firm trying to reach his lawyer, and he's trying to give the secretary some sense of urgency. We don't put one-hour deadlines on people for term sheets. That would be insane. The urgency is not inaccurate but it's not our style. I don't think any good entrepreneur is going to respond to that kind of time pressure; we would never do that.

Teaching at HBS

Every time I've changed my career it has been a pretty tough decision. Venture capital sounds like a very lucrative field, but when I joined Charles River I took more than a 50 percent pay cut by going from running a major foundation to being a junior guy at the firm. I didn't join Charles River as a partner. It was another pretty dramatic decision to start Highland. Each of those shifts has been great. I love big shifts but you definitely have significant costs before you start accruing any benefits. Anyway, I love the idea of major career shifts and I think the decision to begin teaching at Harvard Business School was another big shift. It has been an enormous time commitment.

I started teaching in the late 1980s. I had done a lot of lecturing at business schools and then I started teaching a course on entrepreneurial management at Boston University. I realized I loved teaching. It was great. I was teaching an evening course and the quality of the students was remarkably strong. They came prepared; they all had day jobs; many of them were married; and some lived in New Hampshire and drove an hour and a half after class even though they had worked all day and had children. I realized how satisfying it was to teach people like that. I enjoy the actual teaching, being in the classroom. I also enjoy the advising role, the one-on-one activity.

By the time HBS suggested that I get involved with a course here, I already knew I liked teaching, I questioned whether I really wanted to get involved in teaching thirty-three cases and being responsible for a whole section. I thought it would be a lot of work and a lot of fun. It's turned out to be about five times the work I expected, but fortunately it's turned out to be ten times the fun. It really has been great. I ended up having a phenomenal section with a great group of students and I was able to find a bunch of them summer jobs at some of our portfolio companies. Giving them those jobs is an experiment that we might try with some of our other portfolio firms.

On the research side, I'm intrigued by an idea that finds commonality in entrepreneurship in the three sectors I've been involved in—government, nonprofits, and business. I think there are commonalities among entrepreneurs in each of those sectors. I think that Joe Papp bringing creative theater to Broadway is as interesting as Bill Gates. Trying to understand what helped those people be creative, take risks, and accomplish what they've accomplished is a pretty exciting lesson. I've got a whole bunch of social and government entrepreneurs in mind and there's no shortage of business entrepreneurs.

Down the road, there's some interesting research, and certainly some interesting cases that could lead to further research, possibly even a new course.

Some of the most interesting research I've ever witnessed was by two very good friends of mine who did their doctoral work on primate behavior among baboons. I went and lived with both of them in a small game park in South Africa for about two months. There were three humans and twenty-eight baboons. Studying baboons, watching primate behavior in another species, and seeing what is the same as human behavior is pretty revealing. Maybe the comparison is far fetched, but I think that watching a nonprofit entrepreneur like Alvin Ailey build a dance company or Bob Ebert start Harvard Community Health Plan may be as insightful as studying one more for-profit business entrepreneur. Also, I think there's huge opportunity for people at the Kennedy School to see how innovation happens in government. I believe in studying from the micro perspective, not the macro.

As exciting as it is to build a new firm, I'm probably most excited about things I can do on an individual level, such as a one-on-one discussion with a CEO or a student. It is great to be on the board of a company, to back a company, to see a company succeed, or to build a firm, but I think the great satisfactions are very micro and very much one-on-one. A big part of teaching at HBS is really the one-on-one contact and the student advising. What I have liked in each of the careers I've had, from college admissions to foundations and venture capital, is that the work is all about selecting people who will be successful, really getting to know people and affecting their lives in a very direct way.

Summary Reflections

First-time entrepreneurs have the hardest time talking with VCs. We backed first-time entrepreneurs on the Avid team, then we backed people who came out of Avid, and now we're backing a third generation of Avid descendants. A completely different discussion occurs when you have backed people two times before. For first-time entrepreneurs, I think it's important to be very open with VCs. Entrepreneurs should also talk to more than one venture capital firm. I think some entrepreneurs feel that it's a mad rush and that they should send their business plan to ten people. My advice is to talk with other entrepreneurs and try to find out where there would be a good fit between the venture and the VC—not just a fit with the firm but also with the individual in the firm who would be the decision maker and the board member and maybe the chairman of your board.

Base your selection on the individual VCs you'll be working with. If the chemistry develops, go for it. Be completely open and completely honest and demand that the venture capital firm be completely honest and completely open. Forge a great relationship at the beginning. That's what happens most of the time. In fact, at Highland, we don't go forward if we don't think the chemistry is good. We've passed on a number of deals when we thought the team was capable and the idea was great but the chemistry just wasn't right. We were afraid that we wouldn't be able to be good coaches for the venture and that someone else might do better for them.

Another issue to beware of is early success. It's very easy when you get some early success in a young company to think that you're invincible, so a key role for the venture capitalist is to help young entrepreneurs keep a steady head. Sometimes success can be more destabilizing than failure and sometimes a young CEO who has recently gone public begins to think he's invincible. One of the key things a good venture capitalist will do is to build the company's board with experienced CEOs who can tell their war stories to the young new CEO. We always try to add at least two experienced CEOs to every board so that they can lend their experience.

Overall, I think being an entrepreneur is great. I think anybody who thinks about it should do it. We're lucky to live in an economy and a society with a pretty big safety net in terms of unemployment insurance and family support. Of course, I'm not saying everyone should do it. It can be like sticking your head in a jet engine. Being an entrepreneur is tough. Our culture and our society respect people who try things even if they fail. Many societies don't. There are countries where if you are involved in a bankrupt company you can never be a director of a corporation again—ever. Being an entrepreneur is extremely satisfying; it's great to build something new and have it work. So why not do it? There are all kinds of ways to minimize risk. Some of the great successes had very modest starts.

Part of the problem in 2001 is that we're sitting here looking at companies from 1999 and 2000 that probably shouldn't have received a lot of capital and they crashed with a very loud noise. That's not really what entrepreneurship is about. One thing entrepreneurs have to do is to figure out how to leverage the resources available to them, how to experiment and test an idea, how to minimize the capital that they use, and how to build on success. This understanding was lost in recent years. I think we're now back to what entrepreneurship really should be about. Entrepreneurship is not taking a huge amount of money and betting it at the roulette table. It's taking a modest amount of money, testing an idea, and then adding a little bit more money when it succeeds, a little more technology, and some more people. Entrepreneurship is risk minimization, not risk taking.

Finally, I have this advice for future entrepreneurs: go for it! As Rudyard Kipling wrote: "If you could make a pile of all your winnings and risk it on one game of pitch and toss and lose and start again at the beginning and never breathe a word about your loss…"

I think that's what entrepreneurship is all about, but with careful, calculated risks. You have to take advantage of all of the resources around you, all of your social relationships and all of your energy. You just need to let yourself go. The great news is that there is a bungee cord and when you plunge, that feeling of exhilaration will be there but our society will protect you from actually destroying your life. So my advice to entrepreneurs is this: go for it. Jump off the bridge because there is a bungee cord.