

LinkedIn Founder Reid Hoffman's 10 Rules of Entrepreneurship

VentureBeat, March 16, 2011



LinkedIn founder Reid Hoffman gave a speech today about how entrepreneurs can “invent the future”. Speaking at the South by Southwest Interactive conference in Austin, he recited a list of 10 rules of entrepreneurship.

Hoffman, who is now a partner at venture firm Greylock Partners, cautioned that he “reserves the right” to change the list later on. But for now, here are his rules:

- 1). **Try to create “disruptive change”** — “It’s got to be something that changes an industry.” As one rule-of-thumb on how to judge whether your idea is disruptive enough, Hoffman said it should take \$10 revenue and replace it with \$1 of revenue, because that’s creating opportunities for new ecosystems.
- 2). **“Aim big”** — Hoffman argued that it usually takes the same amount of work to run a the small company as it does a big company (except that if you sell the small company early, the work ends sooner). With that in mind, he said entrepreneurs try to build big companies that revolutionize their industry rather than create a startup they “flip” after a couple of years.
- 3). **Build a network to amplify your company** — That network includes investors, advisors, employees, customers, and others.
- 4). **“Plan for good luck”** — Sometimes entrepreneurs are surprised when something good happens, and they must take advantage of it by changing their plans. For example, he noted that PayPal (where he worked) started as an encryption product on mobile phones, then pivoted to a

number other products before the founders noticed that it was being widely used at eBay. At first, the team wondered, “Why are these eBay people using us? This is terrible,” then they realized that PayPal could become a payment tool for online merchants.

- 5). **“Maintain flexible persistence”** — “The art is knowing when to be persistent and when to be flexible and how to blend them.”
- 6). **“Launch early enough that you’re embarrassed by your 1.0 product release.”** Hoffman said that “unless you’re Steve Jobs,” entrepreneurs are probably at least partially wrong about their product, and they won’t find out what they’re wrong about until people are using it. He added that when he launched LinkedIn, his co-founders wanted to wait until they launched the “contact finder” feature, but it turns out that wasn’t necessary — LinkedIn still hasn’t added that feature eight years later.
- 7). **“Always keep your aspirations and aim high, but don’t drink your own Kool Aid.”**
- 8). **“Having a great idea for a product is important, but having a great idea for product distribution is even more important.”**
- 9). **“Pay attention to your culture and your hires from the very beginning.”**
- 10). **“These rules of entrepreneurship are not laws of nature. You can break them.”** — After all, the nature of entrepreneurship is that you’re doing something for the first time.

VentureBeat, March 16, 2011