

Startup Lessons From 17 Hard-Hitting Quotes In "*Moneyball*"

Posted to OnStartups.com by Dharmesh Shah on Thu, Feb 02, 2012

I'm an idiot. Not all of the time, mind you, not even most of the time, but every now and then, I'm an idiot. Like the time my friend and co-founder Brian Halligan asked me to read the book "*Moneyball*". This was back when we had first launched our startup, HubSpot. "But, I'm not a baseball guy," I said. "It's not about baseball. It's about data." And, I put it on my reading list, and then still failed to read it. I even bought the book, but still failed to read it. That was a mistake.

I just got done watching the movie "*Moneyball*" for the second time. The first time I watched it was last night. It's the only time I've watched the same movie twice in two days. It's not just because it was a great movie (it was), but because I felt I missed *so much* the first time, that I had to watch it a second. If you haven't seen the movie yet, you should stop reading this article and go watch it. If you get distracted and never make it back to this article, I forgive you.

So, without further ado, here are some great quotes from *Moneyball*

Brilliant Startup Lessons From *Moneyball*

1. He passes the eye candy test. He's got the looks, he's great at playing the part.

Spectacular startup success often becomes a game about scouting and recruiting. A common mistake entrepreneurs make is recruiting team members early on simply because *they look the part*. In the long run, it doesn't matter if on paper, someone's perfect. You want people that can actually do the job. That VP of Sales candidate that has 15 years of experience at Oracle? Likely not worth it for you. They'll look the part, but they're not guaranteed to be able to actually do the job. And, like Johnny Damon, they're going to be expensive. **Get good at seeing talent where others don't.**

For example, at HubSpot, most of the early team did not look good on paper at all. Most of us had little or no prior background doing what we were setting out to do.

2. You're not solving the problem. You're not even *looking at the problem*.

Identify a fundamental problem and then focus, focus, focus on solving that problem. Don't get distracted by all the things that are swirling around the actual problem. Don't listen too closely to those that have deep industry expertise and are emotionally attached to the status quo — it's possible that *they're part of the problem*. Figure out what the actual issue is, and solve it.

For example, look at Dropbox. Drew set out to solve a really hard problem -- getting data to synch across different devices. He had many people (including me) that were telling him that this particular

idea had been pursued *so many times* before. He didn't get distracted by all that noise. He dug in and fixed the problem. Today, Dropbox is valued at *billions* of dollars and has millions of happy users.

3. We've got to think differently.

Reminds me of Apple. Only, Steve Jobs wrote it as "think different" (intentionally going with the grammatically incorrect version because it "sounded better"). Like the Oakland As, your startup too is working under constraints. Often, big constraints. Often, unfair constraints. If you're trying to disrupt the status quo and beat competitors that are much bigger and better funded, you're not going to do it by playing *their* game. You'll need to think differently. Playing the old way when you're at a disadvantage is a sure-fire way to lose.

This is one that I'm personally very passionate about. When we started HubSpot, everything we had learned about startups -- and the convention wisdom was "do one thing, and do it very, very well." Generally, that's really, really good advice. Except when it's not. Like in our case. The problem we saw was not that there weren't great marketing apps out there -- the problem was that none of it was integrated or worked well together. So, we *thought different*. We decided to do the crazy, crazy thing of *doing it all*. Why? Because that's what we believed the problem was.

4. First job in baseball? It's my first job anywhere.

Experience is often over-rated. Some of the most successful startup teams consisted of people that lacked relevant experience at the time they joined. But, what they lacked in experience, they more than made up for in sheer talent and hunger. In the early days, hire *athletes*. People with raw talent and a propensity to get things done. Don't be resistant to recruiting people that are early in their careers. You're looking for arbitrage opportunities. You're looking for the *future* stars -- because you likely can't afford or convince the *current* stars.

5. Your goal shouldn't be to buy players, your goal should be to buy wins.

I'm going to illustrate this point with a quick paraphrasing with a conversation I had with an entrepreneur last year. It went roughly like this:

Me: What do you need?

Them: We need to build a management team.

Me: No, what do you *actually* need right now?

Them: Well, right now we need a VP Engineering.

Me. What for?

Them: Well, we need head up our product development effort.

Me. No, you actually need to write code and *release* a product. You need to respond to customer issues. You need to iterate quickly so you can learn quickly. **You don't need a VP of anything, you need a doer of stuff that needs to get done.** Don't think about buying titles — think about buying outcomes. Think about plugging gaping holes in the company. Signing up customers so fast that you can't respond to all the support emails? Don't hire a head of support, hire someone *that helps you tackle the support issue*. Someone that's maniacally committed to customer happiness. *They* can become your head of support some day.

6. He really needs to accept this as life's first occupation, a first career.

This statement was made to the young Billy Beane when he was trying to decide between the full scholarship to Stanford and a career in Major League Baseball. Billy's mom asked if he could do both. The answer was, he couldn't. And, that's true in baseball, in startups and just about any hyper-competitive activity. You can't straddle the fence, because you will get your ass kicked by someone who's almost as good as you, but much more committed. You can't take that investment banking job *and* do a startup. You can't maintain two feet firmly planted on the ground *and* take the leap of faith. You have to pick. It's not an easy choice, but you have to pick. And, if you're in school, my personal (and unpopular in some startup circles) advice is *stay in school*. Make learning and building connections your “first occupation”.

But whatever you do, don't sit on the fence. Commit to something. Don't hedge. Give it all you have. Make it your life's first occupation. If you can't get excited about it -- find something else. I've made lots of stupid mistakes in my professional career -- the stupidest was trying to run two startups *at the same time*. That's a story for another day. I'm going to close with a quote from my co-founder at the first startup: **"If you sit on the fence too long, your genitals are going to hurt."**

7. Why do you like him? Because he gets on base.

The startup world is filled with superstars that get overlooked or don't quite make it because they're "quirky" or otherwise don't fit preconceived patterns of what you think a person in a given role should look and feel like. None of that matters. When recruiting engineers, find brilliant people that write code that solves the problem simply, effectively and can be maintained without brain damage. When hiring sales people find those that have high emotional IQ and care about truly understanding customer problems -- and selling them a solution. Figure out what success looks like for a given role, and ignore the irrelevant details. (Note: Culture fit is not an irrelevant detail. Things that are irrelevant are age, nationality, gender, etc. -- things that have no bearing on the outcome).

10. Hey, anything worth doing is hard. And we're gonna teach you.

Your ability to teach is one of the single biggest levers you have in a startup. Why? First, because it's one of the biggest benefits you can deliver to your team members. They can get a higher salary somewhere else. They can get better perks somewhere else. But, at your startup, they can *learn things*. Second, it's unlikely you're going to find the "perfect" 5-tool player. Even if you found them, you likely couldn't afford them. If you're willing to help people with a specific super-power fill in gaps in their knowledge/experience, you create lots of value.

12. It's day one of the first week. You can't judge just yet.

Be a little bit patient. Often, your best people will take a little time to really shine. Don't judge too early. Determine the context. If someone's not cranking yet, is it because getting up to speed is hard? Everyone's too busy to show them ropes? Their lack of early performance could be the context, so be patient

But, don't be too patient. If someone isn't at least moderately productive in the first month or two, it's unlikely they're going to be super-productive in the following year. The really great people tend to deliver some value almost immediately.

14. Where on the field is the dollar I'm paying for soda?

It is good to be budget-conscious in an early-stage company. Instills the right kind of discipline that will help long-term. But, don't be a penny wise and a pound foolish. There are little things that don't cost that much, that makes people happier. It's not about the money (they can all afford the soda), it's about the inconvenience and the principle. **Remember, deep down inside, people are human.**
[smile]

One quick example from HubSpot: We launched a book program whereby any employee can request any book they think makes them a better HubSpotter. I personally handle all requests and send out a Kindle version of the book immediately. It's not that expensive, but it's been super-well received.

15. These are hard rules to explain to people. Why is that a problem, Pete?

One of the best segments in the movie. Pete is troubled at how different what they're doing is, and why it's hard to get others to understand and accept it. But, the point was, when you're *transforming* something and making massive change, not everyone is going to understand. The important thing is *to be right* -- and then make the change happen. The best way to convince people that your theory was right is to *be right* and show them (not tell them) you're right. Most people will never be convinced otherwise.

16. I'm not paying you for the player you used to be, I'm paying you for the player you are right now.

Hard-hitting advice. I'd extend this to say: **Recruit on potential but reward on performance.**

Customers are not going to be delighted by the code a brilliant engineer *could have written*. On a related note is the quote "If he's a good hitter, why doesn't he hit good?" Or, "If she's such a good sales person, why can't she sell?"

17. We're going to change the game.

And really, that's what it's all about. It's not about exiting for millions of dollars or going public. It's about changing the game. It's about seeing something that's not quite right in the world, and deciding you want to fix it. For me, personally, it was observing that marketing is broken. Most

people *hate* marketing. we want to transform marketing into something people love. It's hugely ambitious, but I have this feeling, deep-down inside, that *we're right*.

How about you? What is the flaw (big or small) that you're seeing in the universe that you're trying to fix? Any favorite lines from Moneyball that you'd like to share?

Love startups? Join the OnStartups community on Facebook.

Posted by Dharmesh Shah on Thu, Feb 02, 2012