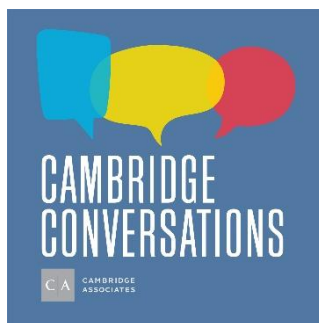




Season One: Episode Eight
Building Benchmark: Early Conviction & the Power of Partnership
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[MUSIC]

Bruce Dunlevie: I've sometimes described venture capital as the potential for financial alchemy, taking base metals and turning them into gold. No other asset class has that potential.

Willis Wilson: In the mid-1990s, Benchmark was a new venture capital firm with an equal-partnership structure that was unconventional at the time. The partners were driven by a belief that they could build something different. Benchmark's origin story offers a window into how a VC firm takes shape and the decisions that can define it.

[MUSIC]

Willis: The most important investment insights don't always come from charts or reports. They come from a good conversation.

Welcome to Cambridge Conversations, a podcast from Cambridge Associates where we explore the ideas, challenges, and decisions shaping the investment landscape for institutional and private family investors.

I'm Willis Wilson, an Investment Director here at CA and the host of Cambridge Conversations.

Today, I'm joined by Bruce Dunlevie, one of Benchmark's co-founders, and my colleague Mike Larsen, a Partner for the Private Client Practice.

Together, we explore the origins of Benchmark, what made its partnership model so different, and the early decisions and relationships that helped shape the firm. We also discuss the role of conviction in venture investing, the

importance of long-term partnership, and what it takes to identify the next generation of managers and entrepreneurs.

Let's get started.

Willis: Bruce, Mike, thank you both for joining on Cambridge Conversations.

Bruce: You bet.

Mike Larsen: Thank you, Willis,

Willis: Before we get going, I'm gonna start with like a question zero. Bruce, I'm gonna point it at you. What was your first job?

Bruce: Roofing houses.

Willis: What? Tell us more about roofing houses. How did you get into roofing houses?

Bruce: Well, I was at a lumberyard in Dallas, Texas, when I was about 16 years old, and bumped into a fella who had run a roofing company for 25 years, and I helped him get some shingles into his truck. And he said to me in his Texas drawl, "Boy, with strength like that, I could make you a millionaire." And I said, "I'm interested in being a millionaire. What do I need to do?" He said, "Come to work for me." So it was an apprenticeship business. And you got paid by how much you did, so it was a pay-for-performance job, which I thought was pretty fair, and I did that for four summers.

Um, after my sophomore year of college, I nearly dropped out of college 'cause I was making so much money roofing. and my father disabused me of that notion and said, "No, you need to actually graduate from college because if you fall off the roof, you're not gonna be able to work."

But it was a terrific job. Every day you got something accomplished, and you could sort of measure it, and I felt that that was a, a real feature of that particular vocation.

Willis: Wow, that's amazing. Mike, I see you're about to say something. I'll let you jump in there.

Mike: That's a far more interesting first job story than my own. I was mowing lawns. Nothing too exciting there.

Bruce: I, I mowed my own lawn at home, but I didn't get paid for that, so

[LAUGHTER]

Willis: Now before we get too far ahead, I wanna make sure you, introduce yourself to the audience.

Bruce: I'm a now-retired 35-year venture capitalist, a, founder of Benchmark Capital, uh, a small firm by industry standards in Silicon Valley that wants to work with some of the greatest entrepreneurs of the era in which we operate.

Willis: Mike, talk about your role at Cambridge and what led you to specialize in venture capital and private investments.

Mike: I'm Mike Larsen. I'm a partner in the private client practice where I focus principally on implementing private investment portfolios for family offices. I've been at Cambridge nearly 20 years. I started my career in the late '90s at a VC firm where we were investing in everything from communications, infrastructure, software, to biotech investments. So I was in a principal investing role for five years before I moved over to CA.

Willis: What, what do you like most about private investments? Why be a private specialist?

Mike: It's the center of all innovation and growth. It's where things are always changing. Within private investments, there's a wide range of strategies, but the bleeding edge of it all is in venture capital, where you're talking about working with innovative founders who are going from zero to one, building something truly novel. I think that that's incredibly exciting. And when you sit at CA, you're constantly in the flow of venture capital firms, both establishment and new.

Willis: Bruce, you mentioned roofing, you mentioned apprenticeship. That reminds me so much of venture capital and what you end up ultimately doing. Before we get to Benchmark specifically, what pulled you into venture capital? Like, what was your path to co-founding Benchmark in '95?

Bruce: So I went to graduate school at Stanford and got an MBA, graduating in 1984. I'd gotten married just before business school started, so my wife and I decided to move to New York City. I worked for Goldman Sachs in the investment banking arm of that firm for about a year and a half.

I got transferred to the San Francisco office of Goldman Sachs, uh, as a new business development guy, and I drove up and down Highway 101 with a Goldman Sachs business card trying to sell IPOs, which were a, a rather intangible product, needless to say.

But I worked on the Microsoft IPO in March of 1986, and I think the day Microsoft went public, I knew as much about that company's earning potential as anybody on the planet 'cause I'd basically written the prospectus. Um, and there was no restriction on whether or not you could own stocks in the companies that the firm did business with then.

But being the savvy investor that I was, I decided to wait until it came down a little bit before buying it. So I never owned a share of Microsoft having all the inside information.

[laughter]

Bruce: But armed with that particular set of insights, I left Goldman Sachs after three years and went to work for a PC clone manufacturer.

I went there to start the systems part of that business, and we enjoyed very rapid success. I left, my brief operating career and started to look around for what to do next with the intention of finding another company and running it.

And Stephen Merrill of Merrill, Pickard, Anderson & Eyre, a venture capital firm that was founded in 1980, called me and said, "Now that you've done finance and operating jobs, would you like to consider venture capital?" And I rather arrogantly said, "Nah, that's a service business. You know, I've decided to be a- an ass-kicking operating guy. I hire people and fire people." So I kept looking.

At this point in time, I had two children, and my wife said to me one day, "You know, far be it for me to tell you what to do, but Jeff Pickard, Steve Merrill's partner, seems to come to all the T-ball games and the ballet recitals, and they live in a nice house, so maybe you should crawl back over there and say that you're interested."

And so I joined Merrill Pickard in October of 1989 knowing nothing about venture capital. Six months later, I was a venture guy. I'd done several deals and, faded into that business until 1995 when Merrill Pickard declared victory and we started Benchmark Capital.

Willis: Now Bruce, take us back to 1995. You and your partners had strong seats at established firms. What felt broken or missing enough to lead you guys to join forces and launch Benchmark?

Bruce: Well, retrospection is very clarifying, so I'm not even sure we had the clarity that you've just asked about, Willis. In 1994 Technology Venture Investors, which was downstairs in a two-story building, and Merrill Pickard Anderson and I, which was upstairs, saw a lot of each other, although we were competitors.

And Bob Cagle, one of the partners at TVI, decided that he was gonna start a firm with an equal partnership structure, which was extraordinarily unique at that point in time.

So Bob encouraged me to come with him and I said, "Bob I need a job, man. I don't have a lot of money, so I don't think I'm a good candidate for you." But he wore me down and in late 1994, we emulated the TVI announcement that we were, quote, "declaring victory" and that Merrill, Pickard, Anderson, & Eyer was not gonna raise its next fund, which would've been Roman numeral five for that firm, which caused the dissolution of both TVI and Merrill Pickard as standalone entities.

So Bob and I teamed up first. We then attracted Kevin Harvey then Andy Rachleff and then Val Vaden. So the five of us sat around in the winter of 1995 writing an offering document, and then hit the road to raise an \$85 million fund under the thesis that the evils which exist in a hierarchical structure in what is essentially a cottage business will be eradicated in an equal partnership.

Willis: Fascinating. So how does that work exactly?

Bruce: So partner X comes to the partner meeting and says, "My portfolio company's in trouble. I need a great VP of engineering. Does anybody have an idea?" And you as Partner Q are sitting there thinking, "God, I know exactly the right guy, but if I give him to Partner X, then I lose them out of my portfolio."

And so when we raise the next fund, his portfolio looks better than mine and my negotiating leverage on how much carry to get has been reduced."

There's a competition as opposed to a cooperation instinct in an unequal partnership because of the rhythm of raising funds periodically.

Our philosophy was, if there's work to do, do it yourself, and you never get to claim later that you weren't part of the decision. We didn't have staff, VPs, associates,

junior partners, et cetera. It was just the five of us in the room, and everybody had to carry their own water.

Mike: That model also raises the stakes for how carefully you talent scout because all those, all those hires are effectively laterals on the level of partner.

Bruce: Correct. You're a full partner the day you arrive, so you're never able to say, "I don't have an opinion." You better have one or you're not doing the job properly.

And as I say, a lot of people thought that was naive. It turned out to be a super secret sauce for Benchmark. As long as you get the right kind of people, I think it's a terrific operating fabric.

Mike: Bruce, it's easy for people today to see the world as an entirely online world. That was not the case in 1995.

Bruce: Yeah, The PC revolution had happened. The internet was just starting to happen. E-commerce had a rather dubious future at that point in time because people were worried about putting their credit cards on the internet. IBM was the only big established entity running ads telling you that it was ultimately going to be okay.

Netscape went public to great fanfare and AOL was the way that people talked to each other. So e-commerce was starting, telecommunications and data communications equipment providers were kind of building the railroads, so to speak, of that era. Lots of change and entropy in every sector we were looking at.

I think a lot of business models that didn't make sense were getting funded. By which I mean companies with kinda low margins and thin value propositions were going public six months after they got started because they had a deal with AOL to acquire customers. In hindsight, this seems kinda silly, but it was the rage of the time.

Willis: You know Mike, that makes me wanna bring it over to you. Bruce gave a lot of gems about their origin story and really what they were seeing in the market at the time. How does that compare to what you're seeing today?

Mike: A new firm in today's VC landscape feels like bringing sand to the beach. It's never been a more densely populated landscape. Entrepreneurs have never been more spoiled for choice. The barriers to entry as a seed or angel investor are effectively zero. And so former operators, former founders, former VCs from establishment firms... anyone can be a solo GP.

You have seed rounds that are massive now, so people can kind of qualify as a seed GP with anywhere from a \$10 million microfund to a several-hundred-million-dollar fund and still plausibly say that they're seed-focused. So it's incredibly competitive, and I think the distance between sub-median, good, better, truly world-class is gonna be really spread out.

Bruce: Can I chime in, Willis, on this particular topic? I think the question that's being raised here is, is venture capital a sales business or a marketing business? And in our day, it was a sales business. Brand mattered, but you could usually get to an entrepreneur, and so the human judgment predicated on the decision of who they're gonna work with usually boiled down to the 30-minute or 60-minute meeting that you had with the entrepreneur.

So your ability to influence the outcome, I think, from a sales standpoint, was very high. I think that's changed a little bit, and I think marketing through, through all the mechanisms that have already been mentioned here, has made it more of a marketing business and a brand business than it was 30 years ago.

Mike: It has absolutely evolved, to your point, Bruce, that I think signal matters more for some founders than ever, and the ability to take capital from a firm that will help put them on the map is really powerful.

I think for a young founder, the ability to partner with a firm that is multi-stage and can travel the distance of what might be a 15-year journey as a private company is powerful. It's kind of like getting admitted to a school that can only take you through sixth grade versus one that can bring you all the way to college.

Willis: That's right. It seems like every school is now trying to take you through college. But Bruce, I'll bring it back to you. Take us back to those early days. You mentioned that you and your partners set out to raise \$85 million for your first fund. What was the pitch?

Bruce: Well, we chose a artificially scarce small number 'cause we had a lot of trepidation that we could get it done. The last Merrill Pickard fund was \$106 million, and I think the previous TVI fund was 125. So we consciously selected a target which was below the kinda going rate under the belief that if we were gonna have to crawl across the goal line, we wanted to make the goal line as close as possible as we could.

We also tried to figure out a number that had a reasonable capital per partner. So with five people, it was 17 million bucks, which we kind of asserted that that was the amount of capital a partner could put to work over a three-year timeframe.

Willis: It wasn't a one-year timeframe back then?

Bruce: No, no, no, no. this is back in the old days where funds lasted a little while and you, announced that your next fundraising a year in advance, as opposed to 24 hours before you were gonna close.

So it was very arbitrary, Willis, to come up with that number, but we wanted it to be small. And in hindsight, that was not a bad target to have selected because the day we closed, we had commitments for 89.

Willis: Oh wow.

Bruce: So we just got to the number and called it a day and then got to work.

Willis: For the LPs who said yes, what did they see that others initially might have missed?

Bruce: Willis, you're asking the wrong audience. Look, I think we walked in with a, "We're gonna make this successful. We are determined." And I think the limited partner judgment was not, uh, terribly dissimilar to the one we make about entrepreneurs. A lot of times we would meet somebody who had a crazy idea, but our judgment internally at Benchmark was, "We need to be in business with that person. They're going to be successful." And I think at the end of the day, as a bunch of 30-year-olds with the bit between our teeth, we were able to give people the impression that we were gonna die or be successful, whichever came first.

Willis: Mike, imagine you had been in the room evaluating Benchmark. What would've stood out to you?

Mike: The first thing that would've stood out to me was the premium set of terms, which I think it's fair to say that that's uncharacteristic of a first-time firm unless there is proof points and evidence to support that that firm has almost a synthetic track record to it of being successful. The equal partnership was a very big break from the orthodoxy at the time.

Bruce: Yeah

Willis: Bruce, take us back into the room where some of these conversations were taking place. Who were some of the early supporters and how did you get them over the finish line?

Bruce: So we started off with what we thought were friendlies. We went to Elizabeth Obushaw at Hewlett-Packard, who'd been in both of our predecessor firms, and the Stanford endowment. Elizabeth Obushaw committed as we were leaving the office. Stanford told us they'd get back to us.

We then got a commitment from the Common Fund, which later became unraveled. There was a lot of up and down and turbulence in this whole thing.

But we knew of Cambridge Associates' broad reach and came to Boston and got into a room with, say fifteen or twenty people, including Jim Bailey, who we didn't know and he didn't distinguish himself in the meeting by saying, "I'm Jim Bailey and I run this place." So all five of us did our bit. After which, Jim came up to us and said, "I really think you guys have something going here. He then introduced us to about half of the limited partners, which ultimately became the backbone of the fund. So Jim believed in us and went out of his way to advocate for us and it's been a terrific relationship ever since.

Willis: The LPs received amazing distributions to support their missions and causes. When did you first realize that Fund One had the potential to be truly exceptional? Talk to us a little bit about the companies that were a part of it, the inner mechanics.

Bruce: Probably not until the third year. We had an offsite two years into the firm's existence, by which point in time we had a 20 or 22 company portfolio, And we each individually ranked what we thought the outcomes for every one of those companies was going to be and then what the total was going to be, and we averaged that across the five of us, and the answer in 1997 was we thought we had a 2X fund.

So we underestimated by quite a bit. eBay, of course, was the great driver of that, but Scient and Ariba and a variety of Andy Rachleff's telecom and datacom companies, including Juniper. Many of those were 50X kind of returns at the end of the day, so it's a magical time. And as John Doerr likes to say, "Some people call it the bust, I call it the boom," and the boom was terrific as far as I was concerned.

Willis: The boom. I love that.

Bruce: Yeah.

Willis: I know we only have so much time left. We gotta hear the eBay story. I would love if you can tie that back to some of the points you just made about what you looked for in the entrepreneurs, in the business itself.

Bruce: So in 1991 or two Merrill Pickard invested a million dollars in a company called Ink Development. After two years of struggling to figure out a product market fit Ink shifted its name to eShop and became the first e-commerce mall on the internet. It was later sold to Microsoft for a profit.

One of the four founders of Ink was Pierre Omidyar. And when Ink shifted to eShop and e-commerce, he decided he wanted to do something in the mainstream of the handheld device world. So he left and went to General Magic, if you remember that company, which is a very high profile, very well-funded, operating system company.

So in 1997, Pierre calls me and says, "Hey, I've got a new company. It's called eBay. You can look it up on the internet," which I did on my browser in my 286 PC or whatever I had back then.

It was black and white with a single font, and it kept crashing. And I said, "Pierre, this looks terrific. We're really busy right now. Maybe you can call me back at the end of the year."

So I kind of blew him off. He called back in January and said, "Hey, we're really ramping up nicely." I went back to the website. It looked exactly the same. And I tried to push him off again when he said those magic words, "And we're already profitable."

Willis: Boom.

Bruce: And I said, "We'll be right there."

Willis: You don't hear that much these days.

Bruce: You don't hear that much these days. So Bob and I got in the car and went down to Campbell, California, where he was officed and part of Bob's interest was a consumer business. He liked consumer behavior and was very good as a consumer marketer.

So Bob immediately latched on to the high adoption and loyalty and addiction of the phenomenon. We went back on the following Monday, talked to the partners about the deal and frankly, were a little sketchy on whether or not this could fit our portfolio 'cause it was sort of a garage sale or a flea market on the internet without a real clear business model at that point in time.

The seller was paying the cost of the uh, shipping. So we're there one night trying to make a decision, and it's raining, and the elevator doors open as we leave, and there's a mailman with two gigantic bags of mail.

And we hold the door open for him, and we say, "What are you doing here at six, with all this mail?" He says, "This company here gets this much twice a day." So it was eBay. We said, "Pierre, what are you getting all these letters for?" He said, "Well, we don't really have a billing system now. What we tell the sellers is, if they like the service well enough, they can please remit us some sort of compensation for being a participant in this two-way marketplace." So all the revenue came from people electing to give the company money.

Willis: Oh my God.

Bruce: And we took that home and said, "This is the best business we've ever seen!" And so we made Pierre an offer the following Monday, and it took off.

Willis: Wow, what a story.

Bruce: Better to be lucky than smart, Willis.

Willis: Yeah, that's what they say.

Willis: Now Mike, earlier you mentioned that venture capital is really the core of innovation, growth, and change, and that's really what makes it exciting. How do you translate that into portfolios and returns?

Mike: I think what it all comes down to is, unlike other asset classes, venture capital has the potency of delivering transformative returns. There are these outlier kind of power-law outcomes in venture capital that exist there that simply don't exist in other parts of portfolios, which is why we consider venture capital to be a pretty essential ingredient, building private, portfolios.

And when we look across the last number of decades, the one thing that has separated the top-performing family clients, the top-performing endowment clients, is a material and sizable commitment to venture as an asset class.

Bruce: I've sometimes described venture capital as the potential for financial alchemy, taking base metals and turning them into gold. No other asset class has that potential.

Willis: Well put. You know, Bruce, you suggested the early backers were more than just providers of capital. What made those relationships different?

Bruce: Keeping us honest.

Willis: Mm-hmm.

Bruce: We very much viewed what we do as a service business in two directions. It's to the entrepreneur and to the limited partners. They kept us on our toes with respect to thinking about the business we were in and asking us hard questions about that because we would often lose track of the way the animal looked while we were chopping through the forest. So having smart 30,000-foot views as provocation to stay on top of the industry dynamics, I think, was the main thing for us.

Willis: Mm-hmm. Bruce, you've talked about asking specifically, what could go right rather than cataloging what could go wrong. When has that framing served you well, and when has it cost you?

Bruce: Well, I think it costs you a lot in the venture business to have that point of view. But as we've observed, it's an outlier or power-law working model here. I simply ask this question of our partner meetings because we'd gotten too negative. I think that it's easy to use due diligence as an excuse to say no to something, and I think in the early-stage investment business, the more analytical you are, the more blind you are about the possibilities of large outcomes. So it's not to say that what could go right is the only question you need to ask, but if you're just asking what could go wrong, you're in the private equity business and not in the venture capital business.

So permissiveness intellectually is a very important part of being an early-stage venture capitalist, which is not to say you shouldn't be also simultaneously analytical or rational, but I think repressing the what could go right instinct is a mistake in the early-stage venture business.

Willis: You know along those lines, I'm curious, every VC who's been in the business for awhile has this anti-portfolio. The ones that got away. What are some examples from your anti-portfolio... from your career at Benchmark?

Bruce: Well, Bill Gurley tells this story a lot. We met with Sergey and Larry when they were raising money for Google, and it was pretty clear, despite the fact there were already six or seven other search engines, that this thing worked in a way that the others didn't.

And as Bill likes to say, we made the mistake of our lives by not chasing it. The price they wanted was higher than our standard. The amount of capital they were raising was a little bit outside our comfort zone, and I think we just kinda chickened out. We didn't ask what could go right. And I think that's the most conspicuous whiff in the firm's history. And we're all responsible for that.

Willis: Appreciate how you're like, "We win as a team, we lose as a team."

Bruce: Everybody's gotta have an opinion.

Willis: Yeah. You know, Mike, we talk a lot about portfolio construction, thinking about the role of venture, and CA specifically has a large appetite for emergent managers. How do you and how should LPs think about distinguishing between making early bets in managers that are emerging and you develop conviction in, versus taking undisciplined risk in things that could be flashy?

Mike: One of the most persistent myths in venture capital is that five firms control all returns, and if you're not in those five firms, you shouldn't even bother participating at all. And the data suggests there's probably upwards of thirty to fifty firms that have consistently delivered for LPs.

And then there's the emergent world. New and emergent GPs have participated in delivering the top returns in the asset class, I think five of the top ten returning firms, are new or emerging by definition of fund number where arguably they have no mature track record, no fund that's deeply into DPI, they're still very much unproven in terms of taking a portfolio and cycling back capital in full to limited partners.

I think you have to see everything. And only through seeing the widest possible scope of the opportunity set can you make really critical judgment over the difference between good, better, and rarefied world-class.

I have my anti-portfolio of GPs that I did not believe in at fund one that went on to have incredible returns. Part of it just comes down to having a process of seeing as much as you can possibly see, quickly, and getting to the ideas that have those trappings.

Bruce: You know, Willis, a corollary question is: can the person or people in question here, can they be exceptional? It's not a law of large numbers business. It's a very much an outlier business, and that's the question we asked when we look for entrepreneurs. Is there something about this particular person which is almost unique?

Willis: You know, I love that. Bruce, you've sat on both sides of the table, you know, chairing the board of Stanford Management Company, serving the trustee at Rice and the Getty. What have you learned from sitting on the LP side of the seat that's enhanced your understanding that you probably didn't have as much of a peer view into being a GP early on?

Bruce: I think mostly it's the fundamental requirement or necessity to reference check the person that's pitching the deal. And not by calling two people that they worked for, but to really kinda getting off the list and understanding what drives them, what their intellectual capabilities are.

'Cause none of these jobs are easy. You gotta really hustle, and you gotta really know what you're doing. So looking for the fire in a GP is the fundamental job of the of the LP from our perspective. And then from the LP perspective, hoping that you're investing alongside what Rob Wallace at Stanford calls like-minded other investors. So, you know, the Ivy Plus Group likes to invest with each other for a reason, 'cause when something goes wrong, they wanna have a unified view of what to do. I think that's an important part of the decision some of the time.

Mike: Just like syndicating a venture deal.

Willis: Just like that.

Bruce: Yeah. Yeah. That's an interesting one there, Michael. Double-click on that. The other firm that you're working with in a venture capital partnership is often far less important than the person you're working with.

Bruce: And so we try to make sure that entrepreneurs understood that, that just getting a name brand of somebody who's not gonna attend your board meetings or roll up their sleeves and do the work is a false positive.

Kevin Compton and I used to work on a lot of boards together when he was at Kleiner and I was at Benchmark; we'd say that your real partners in the venture business are those that you're on the board with when the things are going badly at the portfolio company. It's hard for your partners in the firm you work for to help you at that point in time.

So this sinew connection of the people that are not actually working for your firm, but are working with you on the problem is an important part of the human experience of the venture capital industry.

Willis: You know, we're nearing the end of our conversation. Uh, it's making me a little sad, I gotta be honest. But Bruce...

Bruce: You'll get over it

Willis: Okay. Slowly but surely. You know, Bruce, more than 30 years later, Benchmark is still small, still early stage, still a partnership of equals. What's been your proudest moment of the journey of the firm and your career so far?

Bruce: Well, the fact that it has endured with the founding principles conceived by Bob, I think is a testimony to two things. One, the architectural purity of the whole thing, and secondly, the fact that people of different ages and different walks of life, if they are well-suited to the equal partnership model, where you've gotta give up a little bit of your own ego to be successful, that that architecture has been as durable as it's been, and that the firm has continued to, I think, to show up pretty well in the marketplace and do good stuff.

The importance of each incremental hire at Benchmark is magnified by the fact, that it's so small. And so the recruiting process is actually fundamental to everything we do. And every Monday, part of the discussion is, does anybody have any future partner candidates? And that could be like a five-year drive to figure out whether or not that person is there. But you've gotta be alert, to refreshing with younger partners all the time, the franchise's right to exist.

Willis: I love this. Closing question for each of you. What do you hope the listeners take away from this conversation?

Bruce: Go ahead, Mike.

Mike: It's easy to have a conversation with a legend about a legendary firm. The rear-view mirror is always cleaner than the windshield. The one thing I would take away is, as an LP, put yourself back into 1995 and think about what is the non-obvious thing that's out there. I was at a ballgame years ago with some venture firms, and we went around and the question was, in 10 years' time, who is the top iconic firm out there in venture? And one of the most provocative answers that was shared was maybe a brand that doesn't exist yet.

You're on the bleeding edge of innovation and disruption, and what appeals to the next generation of 20-something AI researchers might not resemble what has resonated in the past. And I think it's up to LPs to think about having a place in a portfolio for the non-obvious to live because 20 years on, maybe that's the non-obvious thing that's become worthy of a podcast conversation with a future legend.

Bruce: So Willis, my answer is particularly apropos in this moment of AI's about to take over the world and do everything that we've been doing historically as a species. I think the venture capital industry is often dehumanized. It becomes numbers and power laws, and the smartest guy in the room is gonna figure everything out.

Building small companies is a jumble, and you gotta fight every day to hire the right people and make sure they don't go somewhere else, and make sure that you're paying them adequately, and then hoping for a couple breakthroughs in your research, but at the end of the day, it's founders, and management teams that have to gut these things out, and they don't all succeed.

I think we lose sight of the fact that some people put their heart and soul into deals for 10 or 12 years and end up not being terribly successful. And then they get back on the horse and try it again.

And they're not doing it simply to make money. They're doing it to craft their life's work. So I think there's a nobility to entrepreneurship that we sometimes lose sight of and we do so at our peril.

Willis: Thank you guys so much for joining Cambridge Conversations. Exceptional conversation, gentlemen. Thank you.

Mike: Thank you, Willis, and thank you, Bruce.

Bruce: My pleasure. All of us introverts can now go back to email.

Willis: If you want to learn more, please visit us at cambridgeassociates.com/cambridgeconversations or check out the show notes.

If you like what you're hearing, leave us a review and share the show with your friends and colleagues.

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Thank you so much for listening and being a part of the conversation. Until next time.

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