

Podcast: Mamoon Hamid, Kleiner Perkins, on Venture Unlocked, w Samir Kaji

<https://ventureunlocked.substack.com/p/going-back-to-the-foundation-of-kleiner>

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Transcript organised by Sajith Pai / @sajithpai

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Sajith: Mamoon Hamid covers the turnaround at Kleiner Perkins which drifted off course from the mid-2000s to the latter part of last decade, as it bloated into a multi-geography, multistage firm. He came in early 2018, and along with Ilya Fushman, reworked the firm into a smaller, focused firm, recalling its roots and origins, as the pre-eminent venture firm of the '70s-90s. What I found especially interesting was the OKRs they use at Kleiner Perkins to track whether they are seeing the companies their peers have invested in, and reflecting on why they didn't see those. Mamoon elaborates on the processes enabling the OKRs such as their weekly meeting reviewing what they missed seeing in the previous week's investments, as well the five year antiportfolio review they do (i.e., of the ones they passed on that went on to do well). All great firms and leaders are paranoid, and that is reflected in Kleiner's obsession in increasing coverage. The processes also remind of sales reviews, and it tells you that VC is actually sell-side, where VCs are selling their brand of capital to elite founders for equity in their firms. Recommended for venture nerds and venture enthusiasts.

Samir: Welcome to another episode of Venture Unlocked, the podcast it takes to behind the scenes of the business of venture capital. I'm your host, Samir Kaji, and today we're thrilled to be joined by Mamoon Hamid, partner at Kleiner Perkins. As so many people know, Kleiner Perkins, which was founded 50 years ago, is one of the most storied franchises in the history of venture capital. Having backed companies such as Genentech, Sun Microsystems, Amazon, Google, Twitter, and Uber after stints at USVP and Social Capital, which he co-founded. Mamoon joined the firm in 2017 as part of a restructuring process to return the firm to being a boutique venture capital fund focused on early stage investing. Since then, they've backed companies such as Rippling and Figma. Mamoon and I spoke about how he and the team have executed on the mission of bringing Kleiner to what they have coined as 'going back to the future'. While we covered a number of different topics, we really dug deep into the importance of culture and focus in building a long-term firm. This episode is a real treat to record and I really hope you'll enjoy my conversation with Mamoon, so let's get right into the episode now. Mamoon, it's so great to see you. Thanks for being on the show.

Mamoon: So, good to be here, Samir, thanks for making some time for me.

Mamoon's origin story

Samir: I want to go back a little bit and I usually don't spend too much time on our guest's history, but you've had such an interesting ride and it'll paint a nice mosaic of what you've been doing over the last six years at Kleiner. Maybe a good place to start is just let's go back into your background of how you got into tech, how you got into venture and what led up to you starting with Kleiner in 2017.

Mamoon: I started in tech in 1997. I was a newly minted electrical engineer from Purdue, moved to Silicon Valley to start my first job at a company called Xilinx. Turns out my first day on the job, I go to my cubicle. I'm presented with my own Sun Spark workstation, which is a jaw dropping thing because we had to share one of those amongst hundreds if not thousands of engineering students at Purdue where I

went to college, to have my own and then at the time you're using the Netscape browser and there's things like Amazon to buy books and it turns out actually all those companies, I wanted to understand who's behind all these companies and it turns out it's great founders and venture capitalist and the commonality across all of those companies, Xilinx, Sun Microsystems, Netscape, Amazon was Kleiner Perkins having the Series A for all of those companies.

And for me it was sort of a light bulb moment of, whoa, wait a second. There are these folks called venture capitalists who get to back the future of the world and what a cool job that is. And I got pretty interested in what are the backgrounds of the people. I think naturally that you go towards trying to understand the people who do these jobs and it turns out like, wait a second, many of them were electrical engineers like me and they'd worked in the semiconductor world or in the networking world, but they went to business school and I hadn't gone to business school and I got into tech. I was really just an engineer of all things. I was doing technical support engineering at the time when I joined Xilinx in 1997.

Samir: Being on the engineering side, of course working within a company seeing how companies are built is obviously really interesting and a lot of people stay on that direct line, go from company to company, maybe start their own companies, what actually catalysed the inspiration to go into the investing world?

Mamoon: So, my job initially was to help companies like Cisco and HP design in Xilinx, FPGA, so programmable chips and it was to help them roll out their routers and be first line of support. Then I became a bit more elevated in my support where I got to work on specific designs. For me that was a view into the world of 1997, 98, 99, which was the networking dotcom boom and all the routers and switches that were being sold that had Xilinx FPGAs on them. So, it was a first view into sort of relevant one step removed from all the action. It was, the stock price watching all our stocks and our customer stock prices, just have a rocketship ride and then also come down. And so all of this was really interesting for a 19-year-old engineer. I started at Xilinx when I was 19, so you're very young, your very formative years of your life, you're still learning a lot and for me that was a very impressionable period of my time living on my own here in California, six thousand five hundred miles away from my family in Germany.

But really it became all about Silicon Valley and what this place is made of, which is innovation by brilliant technologists who go start companies and the commonality amongst some of these brilliant companies was that there were venture capitalists and especially firms like Kleiner Perkins behind them. And I became pretty infatuated with the notion of venture capital and Xilinx had its own venture fund, like not unlike corporate venture firms today. Even though I wasn't really qualified to make investment decisions, I was asked from time to time to evaluate some technology, some specific companies, software companies, hardware companies that Xilinx was looking at investing in. And that was my first foray and first taste of actually what it took to do technical due diligence for our venture arm, that got me further into that. One day I decided if I truly want to be a venture capitalist and having at this point studied a lot of venture capitalists, the number one person on my list I studied was the legendary John Doerr who I get to be partners with now.

And he was an electrical engineer from Rice, went to Harvard Business School. So, guess what I did? I applied to Harvard Business School and only Harvard Business School and a stroke of luck. I got in and I went and my first year of business school during my first and second year I interned at a small VC firm, got me a bit more of a taste and I was sold. I was sold that this is the job I want to do for the rest of my life and what a beautiful thing is to work with these brilliant people who want to build businesses that make an impact on human life and make things better. The notion of going from a chip that goes in a router and you're focused on making sure that works and it is bug free, to backing technologists who do lots of different things but also go change the course of human life.

I mean that's the romantic view that I took, but that was the view I had about the role of the startup ecosystem, Silicon Valley, the involvement of venture capital in these amazing companies and I was like, I want to do that job for the rest of my life. And so, coming out of business school, that was it. I only tried to find a venture job and I found a job at, I was fortunate enough to have a few offers, but the one offer that I ended up taking was at US Venture Partners and they had a reputation for being sort of top tier at semiconductor investing, which is what I knew and what my area was. And I went to USVP to help the partners there, do due diligence around semiconductor businesses and little did I know that a few years later I would become really a software investor, but that was my start.

Samir: And so, kind of going back, it was such an interesting time to cut your teeth. I think it was 2005ish when you started at USVP and I believe the firm at that point had been around for about 20 plus years at that moment, and you're right, it did establish itself as a great semis investor. It was also the time where things like AWS cloud computing mobile that really drove this Cambrian effect of so many more startups, the venture landscape changing, I know you left, you started, you co-founded Social Capital and all of those. Now it's really interesting joining a firm in 2017 in Kleiner. It's been around for 45 years. When you joined, I see this kind of full circle starting with a firm at the early days that had been around for a while, but you were still young, then co-founding a firm, and now going into a firm like Kleiner that had four decades plus of so many great companies backed, but it also had a lot of changes over time and I'm always fascinated with how firms embrace long-term generational planning, longevity. Tell us what you saw with Kleiner. You mentioned at Xilinx being backed by Kleiner now joining the firm that backed Xilinx, but what did you see at the time in 2017 that made it so interesting for you?

Joining Kleiner Perkins and why

Mamoon: What a storied firm, there's no question about it. I think in the eighties, Kleiner was started in 1972 and let's say in late seventies, eighties, nineties, dominant, like clear, far and away, number one firm in the world, like put venture capital on the map and the returns proved that it was the number one firm. I would say through the time of the Google IPO had probably produced more returns than any venture firm out there. That's not a fact, but that's my supposition here to then have an opportunity to join this firm in 2017 was the opportunity of a lifetime. If you think about just my career, I spent six years at Xilinx, six years learning the craft of venture capital at USVP and then having the opportunity then to build a business from scratch in Social Capital, so building a venture firm from scratch and that was six years and then getting a chance then to rebuild a venture firm that had probably the most storied history to walk back.

I think with success also come challenges and opportunities, most view them as opportunities which are so what do we do next? We've sort of nailed the internet, we can go do other things that others haven't done and allows us to make an even bigger impact, clean energy, let's go into China, let's go invest in growth stage companies, a new category. So, Kleiner in fact had many firsts and with being so successful first got to do many of these things first, which is be early in China, be among the first growth funds to be raised and then have a dedicated Cleantech practice like very much a first for a generalist firm. And so with that, you want to expand the purview of your mandate because you think there's much greater opportunity to invest your LP dollars and generate even bigger returns.

With that comes, if you're going to expand your mandate, you're going to bring on more people who are specialists, you're going to have more teams. It expands the footprint of a firm that are built really like just partnerships. There is no CEO, there are leaders, but there's no clear one leader who sets the tone of a firm and that's just how venture firms are built. I fully subscribe to the venture firm partnership model and that's what we are today, but just to give you a sense of 2017, taking stock of the situation and where things were, even though the firm continued to produce great returns, there was a real change moment that

happened in 2017. Just to give you sort of a quick history there, I'd spent a couple of years prior to that with my partner Ted Schlein who was managing the firm at the time, and I had a long-term relationship with them and he was really primarily responsible for recruiting me amongst some of the other partners, but Ted and I had a wonderful relationship and to this day, and it was around how can we do the right things to put us back where we belong and where we had been for many decades prior to that.

Some of that involved just focus, focus on what we stood for, which is we were the preeminent venture capital firm, early-stage venture capital firm for decades, and as I tried to go back and understand what made us so great, it was a bunch of technology-forward technologists who deeply cared about the impact of technology on the world and who had worked inside of companies build companies understood what it took to have empathy with founders, but it was also a small group of folks. It was a 6, 7, 8 partner group and that's about it. It wasn't some large spread-out organisation that had lots of partners and lots of junior folks and it dawned on me, it seems a little bit obvious that's where we had to go back to.

Samir: I was going to maybe just think about that timeframe of you going through this blank sheet of paper and looking at Kleiner as this long-storied firm that perhaps needed a little bit of a reboot in certain ways. Thinking about how you get back to that point where Kleiner was in the seventies, eighties and nineties. I was looking at the history of Kleiner and some of the best companies we've ever seen in technology. When you do go through what effectively is going back to basics or back to the future, oftentimes you're faced with some very difficult decisions to make to be able to execute on that. Talk to us, what did that blank piece of paper look like when you said focus back to basics, what was that execution plan?

Mamoon: Yeah, the back-to-basics was a lean, nimble team of early-stage practitioners who mostly did Series As, some seeds, some Bs, and that was it. They would cover core areas of IT, so enterprise, consumer digital health, FinTech coming of age, some hardware, but that was sort of the focus and which meant that left out biotech, which in itself is a different beast altogether to understand the science, the molecules, the approach, the capital intensity, the funding models just are very different from the run of the mill software business that we back. So, that was not part of the go-forward plan. Growth, which as you know, spun out with Mary (Meeker) and her team. Growth for us wasn't the history of the firm. We were amongst the first that have had a growth fund and it made total sense for Mary and her team to spin out and form Bond Capital.

We don't have geographical funds, like we don't have a Europe fund, we had a China fund and we no longer raise China funds. Managing that from here, being a tourist or a helicopter VC into China from here just was too much to do while you're trying to rebuild the core of Kleiner Perkins. And we decided that that wasn't going to be part of the strategy either. We had to make some tough choices and they hurt or they sting as you're doing them, but as you come out of it on the other side, you realise you should have done it sooner. And I would say our industry continues to grapple with those types of changes. It's not uncommon to hear those even today. We just got to be first in doing that because we got to be successful first with success comes all this other stuff then and then you have to go back to what kind of maybe stick to the knitting and just go back to the future.

Samir: It's such an important point and maybe just to reinforce it, a lot of people fail to confront tough inflection points with hard actions and often that's the deciding factor of longevity of a business versus not. Part of that is you want to still embrace the storied history, the culture that got Kleiner to where it was but also imbue it with this next-generation thinking, going back to basics to a certain degree, but also adapting to what was a very different environment than when you started in 2005 thousands of venture firms funds getting bigger and bigger. How did you think about the culture of balance between the past and what you wanted to build in the future?

Mamoon: In my first three months, I talked to every single person in the firm, spent 30 minutes with them, talked to a number of the former partners, half a dozen, maybe a dozen, to understand what made them the best in the eighties and nineties, just a learning, listening tour. And it was sort of the obvious, which is we need to be small, nimble, fast-moving domain experts in the areas that we invest in, be the first call for founders who want to make history, which happens to be our mission at Kleiner Perkins. We also came up with a set of values that we wanted to live by internally and an investment ethos that we wanted to have represent us externally and that helped us form a bit of a north star for the firm and the people going forward and we continue to live by those and it's really like it was a bring everyone on the same page type of moment and candidly there are folks who don't believe that it's going to happen and it all doesn't just happen overnight, it takes deliberate action and digesting those and then taking more action.

And so this stuff cannot happen overnight. It's a delicate balance in all of this, but we did recruit a team soon after, so starting in January of 2018 and that whole year, maybe just to give you a sense, in January of 2018, Bucky Moore joined, he is my partner today. In March of 2018, Ilya Fushman my partner joined from Index later in the year. Annie Case joined us as an associate, she became a principal and she's a partner at Kleiner Perkins today. Josh Coyne who was part of our growth fund, he went on an externship to Figma for a few months and then he came back as an associate to our team in 2018 and he became a principal and then a partner. That core team has been together now for five years. I wouldn't say a hiring spree, but we went to go recruit not only established venture capitalists like Ilya, but also folks who were up and coming like Bucky, who'd been in a couple of venture firms himself and he came on as a principal and very quickly became a partner.

Annie & Josh who joined us as associates, not unlike many others of us. Like me who joined as an associate back in 2005 or Ilya who joined Khosla in the late two thousands, or John Doerr who joined Kleiner Perkins in the late seventies, or Brooke (Byers) who joined in the mid-seventies or Ted Schlein who joined in the mid-nineties. So, we believed in the venture being a craft and one that was best learned through practice rather than one that was just, you came in as an ex founder or someone who thought they knew what venture capital was and started firing <__>. That's the way we approached team building. It was obvious to us it wouldn't be an overnight thing, we had to invest in it, but this group of five of us have been together now for an average of five-plus years.

Since then we've recruited a couple of partners in the last 12 months, including Everett Randle who was an associate with us in 2018. He went to Bond Capital and then the Founders Fund and then a round trip back to us about a year ago. So, Ev's back with us and he always belonged here and we continued to work with them. He had invested in Rippling and Stord and so we continued to have closeness to him. We added Leigh Marie Braswell this year as well as a partner. So, we're now expanding our partner ranks as well. And I think we're in a pretty good spot now.

Samir: One day we'll all look back and 2017, '18 will be of the bigger inflexion points in Kleiner's long-term history, at least from where I sit, just ostensibly having tracked this and so much happened in terms of looking at these set of values, you talked about the hiring plan, but I'd love to hear what those values were and how that mapped back to the type of people that you wanted that were ready to, I wouldn't say rebuild, I would say re-energize the brand to where you wanted to take it.

Kleiner's values

Mamoon: Totally. So, I'll just read you our mission, our values, we start every offsite with it, every LP call with it, it's kind of like gets us started on the right foot. Our mission is to be the first call for founders who want to make history and partner with them as company builders in pursuit of that goal. And we want to invest in these founders with an ethos. And that ethos involves a strong moral compass, a north star, which is to serve humanity with the tools that are at our disposal, that's people, that's technology,

that's capital. We want to work with folks who share that compass. We want to do it with humility, we want to do it with empathy. Last but not least is we want to win and win big at it for our values these are internal values that we have for each other and expectations we have for each other. And they're used very commonly, freely on a regular daily, weekly basis amongst team members and in terms of people just sign off their emails with them.

Then the first value is one team, one dream. I would say, just to give you a sense of one team, one dream, we have one set of meetings at the firm, there's a Monday morning meeting, it's an all hands, all the different functional groups are there from the investment team to the finance team, the ops team, the go to market team, our talent team, our IT team, everyone's there, all the leaders and folks from those teams are there. And we start off our week with aligning ourselves and then we go into an investment team meeting. But it is like we don't have many investment team meetings. We have one investment team meeting. We don't break up the investment team by consumer or enterprise, it's just one meeting.

Everyone knows what everyone's working on and doing. There are no silos. Just to give you a sense of what does that value one team, one dream stand for, it's like we are aligned, we're on the same team, we do things together and we have the same dream, which is to be the first call for founders. Our second value is pride and excellence. Take immense pride in your work. We are in the excellence business. We are in the 1% of the 1%, the business backing those types of people who truly change the course of humankind. Not everyone can do that, but exceptional and excellent people can do that. So, if we want to back those kinds of people, we have to be excellent as well and we have to take a lot of pride in being excellent and not just as an investment team, but everybody on the team.

It is that first interaction that whoever's setting up a meeting or when a founder shows up in the office, how they're greeted and treated, what kind of coffee cup they're offered, what kind of coaster or coaster or not, it's all these little details they come back to being trying to be excellent at whatever you're doing. The third value is operating in real-time. We're here to serve founders and founders operate on a short clock at all times for everything. If we're going to serve them well, we have to operate on founder time, which is real-time. There's a sense of urgency that comes with it amongst every single person who works at Kleiner Perkins. And that stems back from who our customer is. Our customer is a founder, is the CEO, the founder that we're working with their team members, everyone around us is trying to do their best and is doing everything with the positive view in mind and it is assuming the best intention in the other person who may have done something which may have you think may have slighted you, but you know what? Assume that they didn't intend on doing that. And it was completely a mishap of sorts and that keeps people to think positively around the firm. And again, it seems like shouldn't everyone be positive, but when you make it explicit, there is no question about the fact that everyone is operating with this positive intent.

Samir: These are a great set of values and presumably ones that you had thought of as you were coming into the role or shortly thereafter and as you were bringing on the first set of people, were there any identifying traits or characteristics that you were looking for in people that were joining Kleiner to ensure that not only would they map back to the values that you had set forth but also avoid some of the pitfalls that have plagued other firms in the past?

Mamoon: Hiring is the absolute hardest thing for anyone, especially for a small firm like ours, about 50, 55 people. And if you're adding any net one add to the investment team, you're deliberating a lot and thinking a lot about are they going to be net additive to the culture to these values that we have? Can they even ascribe to these values? Venture tends to attract personalities, egos, there's very little room for that at Kleiner Perkins. This is about Kleiner Perkins, not any personal brand of yours. This is about the success of the companies that we back and being at the service of those people rather than trying to personally benefit from the things that we do. That is a byproduct and it's great if it happens. The prioritisation is

founder first, we back them for their success results in Kleiner Perkins' success and by the way, our partners' success.

But that is the last in that chain there and it requires that sort of person to accept that that's the kind of place it is. And it's not about the ego, not about the personal brand and it's about this institution called Kleiner Perkins that we work for that we dearly love and that we want to have around for another 50 years. It's that mentality that it takes for an organisation like ours to sustain itself because I'm just here as a steward to pass it on to the folks who are my younger partners and for us to leave it to them and then for them to leave it in someone else's good hands can only do that if you truly think of it as a stewardship of an exceptional firm.

Early markers of Kleiner's reboot strategy working

Samir: Let's maybe talk a little bit about the early days. I guess investing in great companies, servicing those founders over time, that becomes the flywheel. You do great work with founders, they will refer you to other founders and that net promoter score just increases over time and it's what great firms are built on, but it takes a while to understand if things are working. And of course now you've backed companies like Figma and so many other companies over the last five years, many appear to be massive breakouts. So, it seems like things are working, but how did you know in the early days that this re-energizing of Kleiner was working, that you had brought on the right people, that the overall story to the founder community, which is most important, was actually resonating. How did you test those things? What were those early markers?

Mamoon: I guess I had a bit of a cheat code because I came from a complete challenger brand of a firm that got started from scratch in 2011, got to put ourselves on the map through a few investments that we'd done. Companies like Slack and Yammer not only put us on the map but gave us some early returns. To me it was just that if we could do two great investments that put us back on the map as a top-tier venture firm. We already have the brand, people already come to us for their companies and we can work on that, we can make that even better, but how about applying some really good judgement and so nailing our first few investments, myself, Ilya, Bucky, we had a clean slate and we had a lot of relationships with folks and founders. I would say a lot of goodwill.

A lot of the founders took on to our challenger nature and this sort of underdog nature that, hey, we know what you guys are trying to do, we want to be part of this. Along with that come folks like Dylan Field, Figma actually turns out it was my first investment when I got to KP, Ilya investing in the series A at Loom soon after he joined and Joe and Vinay and Shahid (founders of Loom), and Bucky backing a month or two in, the guys at Netlify. So, just very quickly we knew, we honed in on our domain expertise where we knew we could be dangerous and started firing away. Turns out a number of those companies just grew so rapidly what we thought would take, I dunno, five years for us to see some progress because it takes five years for a series A or a series B company to look like something good or not so good. It happened a lot faster candidly, and I don't think that was the expectation other than we were just applying our investment filter, our judgement on these companies and investing in some pretty high quality companies out of that first fund that we all started investing out of which was KP 17.

Samir: As you listed out some of those names, of course at the time you're making the investment, it's not completely clear that they were going to be massive category defining companies and it does take some time for these companies to mature and exit and drive that ultimate in TPI. So, I'm curious outside of looking back and saying, hey, we were able to get into these great companies that speaks to our overall investing acumen, our brand, the ability to get into these founders and have them take our capital. Are there any other OKRs within the firm that you track to create these consistent programmatic ways that the process is working?

OKRs at Kleiner

Mamoon: Our OKRs are somewhat constant where we have an offsite coming up in a week, so we're going to mix them up a little bit. But our OKR as an investment team, we have lots of different teams and every team has their OKRs, but at the end of the day, our job is to produce returns and that comes from investing in great companies and helping them succeed. So, on the OKR front, we track religiously all series As that get done by our peer set and our peer sets tends to evolve, but it's about 40 to 50 firms just to have enough of an N on the company on the firms. We look at every Monday series As that the group of 40 or 50 firms had announced the week prior and we'd look at seed, series A and series B actually and we just mark it as do we see it or do we not see it?

And then we talk about if we saw it then we usually know why we didn't, move on, why we didn't invest in a company, whether we didn't see it, if it's an interesting looking company, we talk about it for a bit. It's like, well, what happened there? Why did we not see it? And we have a little brief dialogue about it and this happens every Monday. And then we tally it up over the course of a quarter. So, the internal OKR for the last five, almost six years has been, let's see, 60% that series A cohort of companies that gets done by our peer set at some point we moved that up to 65% because we were overshooting it and then I think we may have peaked at like 70%, but we break it down by sector as well, like consumer, enterprise, FinTech, digital health.

And we also, if our coverage is too low, we're like, okay, should we be adding some coverage here if we're missing out on a lot of digital health businesses or something else? So, that's part of the iteration around team composition where we're missing skipping a beat or if it's in a given quarter we see a dip below the 60, what's going on? We don't overreact to it, but if there's a pattern where our new normal is like 55%, we want to understand what's going on. That's our first OKR is seeing in order to be a top-tier venture firm and in order to be the first call or say you're the first call for founders, you have to see the right companies then to your point, you have to have incredible judgement, but it's hard to judge judgement until many years later. So we don't make that an OKR.

We do a five-year look back on judgement and we did one at our last offsite looking at all the companies that have become successful and the ones that we actively decided not to invest in at those rounds that we saw them at. Then we talk about what were the failure modes we had around each of them. So, literally the list is not that long and you can go through that list in less than an hour. If you do a detailed discussion about every single company to identify failure modes and those failure modes inform us how in terms of how different people have different failure modes. Some peoples' failure mode is people, other people have a failure mode around pricing a deal, other may have around overemphasis on go-to-market execution and passing based on what they saw. Some people take the false positive of good data, so everyone has different failure modes.

Going deep on it allows you to see your strengths and your weaknesses and we don't make judging an OKR because it's not real-time enough for us, but what we do make an OKR is winning and having a hundred percent win rate on an investment that we want to do. And we track every single loss and fortunately not too long of a list, but if it's a loss, we assess what the failure modes were in losses. It goes to the core of where do we need to improve. I'll give you one example. We don't do a good enough job selling ourselves or overselling. I was reading on Twitter yesterday, that someone won a deal because they bake cookies, we don't bake cookies and then you think, should we be baking cookies to win deals and it's halfway serious. It's like there's something in that expressing excitement to a founder.

We may come across as too pragmatic and substantial but not excited enough. So, some things you have to work on. In any case, that's an OKR. And then let's see what else they're seeing, there's winning.

Finally, you have to work a deal and working a deal or a company investment takes years of time as well. And it's hard to assess that judge that in how each individual partners with their founders and how they work with them, so we don't make that an OKR, but that's roughly, there's some easy OKRs in there that are number specific and you can track on a very regular basis.

Samir: It's a great way to get an earlier feedback loop versus saying I'm a great picker because you don't know for a long period of time the consistency of that picking. So, sourcing, seeing the deals within your thesis that makes sense for you and seeing the key ones and then the ability to win them. It's one thing to see them, but if you can't win them, it doesn't mean anything. Which speaks to the brand, team overall value, real and authentically at least perceived in terms of what the founder sees of Kleiner and sees of your team, you mentioned earlier being the first call for an entrepreneur. What does that mean and what generates being the first call for a particular founder? What do you do that enables that?

‘First call for a founder who wants to make history’

Mamoon: It's a virtuous cycle that you have to be in to be a top-tier firm. And a virtuous cycle only starts with having backed a few reputable founders who then speak very highly of you to founders who come to seek advice from them. And when they ask who should I go talk to for my series A or my seed? And they say, you should talk to X, Y, and Z at Kleiner Perkins because they're the best at enterprise security investing. They help you think through their business like first customers, all the blocking and tackling that happens and they can vouch for it. And we did the analysis a couple of years ago. It's been a while, but about 80% of all investments that we do are through founder referrals, whether they are founders or they're founders that we've spoken with who we didn't partner with, but we left them with an impression of having some competence and where there's just a really positive relationship even though we didn't invest.

That's our biggest source of deals that we invest in. And that's the strongest loop that you can be in is that founder referral loop. We want to be the first, second or third call. If you think about fundraising as a series A or seed stage company, you're creating lists, every smart company's going to create a list. Are we on that first list of firms that you want to go talk to? And that's our aim and goal and we're that in a number of areas and we're not in some other areas and we constantly think about is it the addition of a certain skillset or partner that allows us to be the first, second or third call in that sub-sector? Is it some other sourcing mechanism? Is it more thought leadership? What is it that allows us to solve for being that first, second or third call?

Samir: It's such an important thing to mention because if you focus on that as the ultimate outcome, you are going to get founders that ultimately understand how deep you go with them. This time you spent the real time responsiveness and over time they become your best salespeople, not you. That brings me to thinking about venture as a whole and maybe taking a 30,000 foot view for a second. 2005 you start, there's a few hundred firms. We went up to about 4,000 firms in 2021 with a long tail being a lot of these seed stage managers. And of course during that same time where we saw zero interest rate policy, we had a lot of firms growing, adding new products, adding new geographies, growing in sizes, and some firms being even in the hundreds of people now. How do you think the next 10 years of venture looks like? How would you juxtapose that with the last 10 years?

The next 10 years of venture

Mamoon: Yeah, I'm a firm believer in focus and specialisation. It's either that or it's a platform and you pick a lane and you go for it. And the lane of platform firm, multi-product, multi-geography looks more like a company in terms of number of people and the structure of the organisation and there are a number of those types of firms or you go down the path of partnership in a small firm in the same geography. We're all in the same office. We live all around here. Over the next decade there will be the series A firm,

the firms that we all know about. Some of them will be platform firms, but others will be specialised sort of boutique bespoke venture firms that have been around for a long times. You may find a few new managers make it through very hard, but it happens juxtaposing that to the last decade, maybe you're better suited to answer how many series A firms penetrated, became well-known over the last decade and may think it's a thought exercise for you, but not that many.

But what did emerge was a new asset class for growth-stage firms and firms that didn't exist in 2013, Tiger, Coatue others. That asset class just wasn't around in 2013. What was around was the folks like IVP and Meritech who did traditional growth-stage tech and then the hedge funds came in and other folks came in. The world goes back to what it used to be than the last 10 years because most of these businesses don't need that much capital, just don't. If you're a software business, why do you need to raise half a billion, a billion dollars of capital? It just created the term ____ comes to mind, overstuffing companies. But yeah, it just didn't totally need to exist, that asset class. And we go back to more of the traditional growth investing because the public markets will value the companies just more rationally and that will go back to how you value a growth stage company and how much capital you should commit to those companies. And it won't be the hundreds of millions of dollars at really, really large valuations and paying many years forward. That just won't be the case.

Samir: I agree with you as well, and I do think the last decade, maybe even a decade plus extracting out 2022 and 23 so far, we just had a capital cannon. You had so much liquidity sloshing around, you had a lot of firms that did well because of multiple expansions in the public markets. And to your point, we have 1,200 or so unicorns right now. We'll see how many of those show long-term resilience, but raising \$300-400 million to get to an exit was almost commonplace, particularly as we got closer to 2021. And I do think we go back to basics similar to what you've done. I want to end maybe, and there's so much we could go into, but one of the things that I love asking our guests is thinking about their career and maybe the biggest learning they've had, and you've been through so much as an engineer working in now three different firms, actually four different firms. What is the biggest learning you've had in your career as a VC?

Biggest learning in his career as a VC

Mamoon: Advice from one of my favourite colleagues of all time and my mentor, Erwin Fetterman, someone I just cherish spending any time with. It was just always that I got the sense that I need to go play my game and that just extends to not just me, but to the other folks on my team, on our team that extends then to our firm. **We need to go play our game, play on our turf and create our own turf, our own field and play on that field and so that we can play to win.** It seems quite simplistic, but living, breathing and operating that way is a very compelling way to control your destiny and do it with the tools that you have at your disposal and your repertoire of kicks and tackles as opposed to some other field that you just don't know what the rules of engagement are. A philosophy that works for me personally and I think is definitely something that I share with our colleagues.

Samir: It's such a good point and certainly it seems intuitive that you would lean into your strengths and understand what your goals are, but **what we found is one of the toughest things for fund managers is staying in that strike zone where they have the biggest asymmetric edges. And a lot of it's just because there's so much externalities out there that can push people out of that strike zone, whether it be the promise of more capital, more AUM, the ability to maybe expand into a passion area and all of those things, of course, are challenging when they distract from not only the core mission, but where the manager is best suited.** Mamoon, this has been a great conversation. I really have enjoyed this conversation and you sharing all your insights, so thank you again for coming on.

Mamoon: Thank you so much, Samir. Really appreciate it.