

COOLIRIS: BUILDING AN A+ TEAM

Introduction

It was well past 2AM at the Kleiner Perkins Caufield Byers (KPCB) incubator on Sand Hill Road but Josh Schwarzapel, the young and energetic co-founder of Cooliris, wasn't about to wrap up the night. Across the gray cubicle wall, the technical team, Austin and Kyan, were coding at full steam to finish the next product release. But the team was tired.

Three months earlier when his company received its first round of funding from KPCB, Josh had readily accepted the challenge to expand beyond the original founders and build a world-class technical team. How difficult could it be for a young company with the backing of one of the world's most successful venture capital firms, an incredible technical vision, an early product with great traction, and another product in the pipeline to attract great talent?

Yet somehow it had been challenging to build the team, truly challenging. As a student at Stanford studying entrepreneurship, Josh had learned how critical a great team was to the success of a young firm. But now, in the early hours of the morning, Josh realized that his courses hadn't taught him how to build a great team. Nonetheless, in Cooliris's high-accountability culture, pointing the finger at the hole in his formal education wouldn't excuse a failure. Soujanya Bhumkar, the company's CEO, had been supportive and provided advice along the way, but Josh could sense the pressure: from the investors, from Soujanya, and worst of all from his friends coding late into the night to keep the company's head above water while they waited for reinforcements. Now, in the early hours of the morning, Josh once again began the soul searching. Why hadn't he been able to recruit a great team? He had always been successful in his life, both as a student at Stanford and a collegiate volleyball player. What had gone wrong? Inevitably, Josh began to ask himself, "Is it me? Have I failed?"

This case was prepared by Nathan Furr while a Ph.D. student at Stanford University's School of Engineering, with assistance from Josh Schwarzapel, Soujanya Bhumkar, and Professor Thomas Byers, as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. Some facts have been disguised.

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Cooliris Background and History

At the time of Cooliris' founding, the Internet was undergoing a fundamental transformation, frequently referred to as Web 2.0. A host of new websites, many of them venture-funded, had sprung up to empower every day users to become content publishers by posting blogs, making profiles, publishing videos, and sharing photos. Social networks such as MySpace and Facebook had become household names and social networking, or the connecting of users to each other in online communities, had become a buzz word for almost any new online venture.

However, with the democratization of content creation and publishing, the problem of "too much" became a very real inhibitor for web users. Millions of people were posting billions of new photos, videos, and blogs every day. Narrow search terms returned hundreds of thousands of results, and information coming from your social graph on sites like Facebook and MySpace was becoming too lengthy to consume. In short, sifting through the endless volume of new content to find worthwhile media was becoming more and more difficult. It was in this environment that the seeds of Cooliris were sown.

Soujanya, Josh and Austin Shoemaker founded Cooliris in January 2006 with the idea that although the internet has become a fundamental element in the lives of billions of people, the user interaction metaphors had changed very little since the first browsers. Indeed it seemed that the Internet had always been characterized by a clunky, non-intuitive navigation experience. Although flash animations and video content had enriched basic text, the way people interacted with the Internet was still constrained within the 2D framework of the original browsers.

The initial idea that led to this insight came about in late 2005 when Soujanya received a phone call from an old friend, Mayank Mehta. As the two talked about how to make the Internet a more rich experience, Mayank suggested the idea of creating a mouse-over preview of any embedded link on a web page. The preview would allow the user to see the content underneath the link in a contextual window without leaving the original page, thereby creating a more multi-dimensional media experience. Soujanya, a former engineer turned serial entrepreneur, was struck by the idea and began tossing it around with some acquaintances.

During this period, Josh and Soujanya met for coffee to discuss ideas. Although Josh was still a student at Stanford, he too caught the vision of a better Internet experience and connected Soujanya with Austin, a fellow student with exceptional technical capability. Together they laid the foundation for Cooliris and their first product: Cooliris Previews. The team began working right away, self-funded on Soujanya's credit card and working part time while Josh and Austin finished school. By September of 2006, the team had released Cooliris Previews as a free browser plug-in.

As it turned out, their hunch proved accurate and the product began to get significant traction, becoming a featured plug-in for Firefox and attracting thousands of users who craved a richer online experience. As the original product began to pick up speed, the team came to realize the

fundamental value of creating a richer web navigation experience and dreamt up a second product: Piclens.

Piclens allowed users to view online photos from photo sharing sites or online image searches as full-screen slideshows rather than as low-quality thumbnail images or larger files that had to be downloaded individually. PicLens felt like a natural next step for the young company, but as the team built the product their vision of the company began to evolve into something bigger. The team realized that the challenge of improving web navigation extended beyond a browser add-in to the fundamental ways in which we access, discover, and navigate through information. The team began soliciting feedback from investors and industry friends on how to take their ideas to the next level. In one such meeting, Randy Komisar, a partner at KPCB, suggested that his firm might be able to provide some funding and incubate the company in their adjacent offices. After several weeks of follow-on meetings with the KPCB partnership, Cooliris received and signed a term sheet for investment and took up residence in the KPCB incubator immediately next door to offices of such famous venture capitalists as John Doerr and Brook Byers.

Cooliris Hiring Process

After receiving funding and moving into their new offices on Sand Hill Road, the next big item on the agenda was to hire a top-tier technical team to execute on the company's technical vision. With great ambitions the team knew that they'd need team-members who were both entrepreneurial and technically brilliant in order to help define and build their vision for Cooliris. Furthermore, the founding Cooliris team firmly believed in the wisdom of hiring great team members right from the beginning. As Steve Jobs of Apple said, "A players hire A players, B players hire C players, and C players hire bozos."

As the team talked about it, hiring great team members seemed a comparatively easy task given their recent round of highly prestigious funding and their exciting technical vision. In Josh's eyes, new recruits would be let in on the ground floor of a really big idea, incubated in the most supportive setting imaginable and led by great leaders and venture capitalists. What wasn't there for an engineer to like!

Excited about his new role and freshly graduated from Stanford, Josh took the lead on recruiting the new team, hoping that it would take about half his time, leaving the rest of his time open for business development. Conventional entrepreneurial wisdom suggested that the Cooliris team start by tapping their social networks. Aware of the competition for great technical talent, Josh developed an incentive to motivate his extended social network to proffer the best technical candidates in the world: Cooliris would pay you \$1,000 if you recommended the candidate they eventually hired. Josh soon flooded his own extensive social network with the news about the exciting opportunity to join the Cooliris team. Similarly, KPCB and the entire Cooliris team reached out to their social networks to find the best potential recruits available.

At the same time, Josh recognized that the Cooliris team might not know or have links to all the best technical people. To fill this gap, Josh also searched online databases such as LinkedIn and Google, looking for technical talent at similar companies as well as with search terms such as “3D graphics engineer.” Finally, Josh posted advertisements on LinkedIn and the Bay Area edition of Craigslist. As it turned out, tapping their social networks produced the best leads. Searching LinkedIn and Google also produced candidates, but not at the caliber the team needed. By contrast, the advertisements on LinkedIn and Craigslist tended to produce extremely subpart candidates.

After an exhaustive effort, Josh ended up reviewing over 1,200 resumes in search of the ideal team. Of the resumes browsed, Josh reached out to potential hires who he estimated had at least a 50% chance of being an A player (based on either a good school background, relevant experience, or preferably both). Once Josh had filtered through the initial list of resumes, he then reached out to candidates via an introductory email explaining the Cooliris opportunity and the team’s interest in the candidate (see Appendix A for the text of a sample email). In total, Josh contacted 400 candidates via email to invite them to talk more with Cooliris.

In the end, the Cooliris team brought in 50 candidates for a first round interview. Because the incubator was located behind the main KPCB office, it was a little difficult to find. Furthermore, the doors to the incubator were always locked. To solve this problem, Josh would give candidates detailed instructions on how to drive around to the back of the building, where the incubator was located, and then to call once they arrived so that he could personally meet the candidate and show them into the Cooliris offices.

At the beginning of the interview, a candidate would sign a non-disclosure agreement after which either Josh or Soujanya would give the candidate a ten-minute outline of Cooliris’s vision and the products that had already been developed. At the same time, because the company was in stealth mode and had some very high potential ideas, Josh and Soujanya were very careful not to reveal too much about the future direction of the company or some of their upcoming, innovative products. After the brief presentation, the interviewer spent the rest of the hour screening the candidate for his or her technical ability. Over the course of the recruiting process, Josh and Soujanya experimented with interviewing candidates by themselves or with the entire team.

After a thorough examination of the candidates’ abilities during the first round, the Cooliris team decided to invite 9 candidates back for a final round interview. This final interview lasted at least two hours and although the Cooliris team was still evaluating the candidate for fit and talent, generally they also engaged in a deeper technical discussion, revealing a little more about the exciting future of the company as well as leaving time for a long chat with Soujanya about expectations. In particular, Soujanya had a strong belief that it was important to have open and clear communication about the potential upsides as well as the risks involved, otherwise both the candidate and the Cooliris team would be entering into a relationship under false pretences—a bad start to any relationship.

Of the nine candidates who received final round interviews, the team decided to extend offers to five very strong candidates. Josh and Soujanya carefully crafted the offers to be as financially competitive as possible, benchmarking against what Google might pay for a similar position as well as giving candidates potential upside through equity in the company. It now seemed that Cooliris could finally add desperately needed resources to the skeleton technical team who had already been stretched to the maximum.

Two Unanswered Questions

Then came the surprise. Despite the apparent excitement that candidates exhibited during the interviews, of the five offers extended, four offers were turned down. Fortunately the fifth candidate verbally accepted the offer before hopping on a plane for a long-planned trip to Europe. Although the yield for his efforts seemed slim, Josh felt that if they could at least attract one candidate then the last few months would not have been wasted. Indeed, recruiting had taken an immense amount of time--much more than the 50% of his time that he expected. He had worked late nights, weekends, and holidays, all in an effort to succeed in building a technical team.

In the end, even the fifth candidate decided not to join Cooliris. Shortly after returning from Europe, the final candidate emailed to say he had second thoughts and decided he would pass on the opportunity. Josh had been stewing about this last failure all day. What had the last two and a half months been about? Why had he failed to build a great technical team? Weren't all the pieces for success in place? Could it be him ... was it just that he wasn't cut out for entrepreneurship? These questions plagued him but Josh also realized that they still faced two big, unanswered questions. First, *who* is actually an "A player" and second, *how* in the world do you attract those people?

Soujanya peeked over the rim of Josh's cubicle and with his usual earnestness suggested Josh get some rest. "Hey Josh, it's okay, let's talk about it in the morning." Josh nodded in agreement, grabbed his bag and headed for the door. The entire next morning was blocked out for the entire team to meet and discuss what had gone wrong in the recruiting process and what, if anything, could be changed to grow the team. As he headed home, Josh wondered what he should suggest at the meeting. Were the team's standards too high? Should they just lower the bar a little? Should they just hire whomever they could find—that seemed like a typical entrepreneurial solution? What was the problem? Why couldn't they recruit great team members?

Appendix A: Email to Potential Candidates

Hi (candidate name here),

I took a look at your profile and you are definitely the kind of guy that we would like to work with for our startup, Cooliris. To give you context, we're leveraging 3D graphics to build an immersive media environment for browsing web content (check out our downloadable app at

www.cooliris.com). We've recently raised Series A investment from Kleiner Perkins (the same investors as Google, Amazon, Intuit etc.) and are working with people like Bill Joy (Chief Scientist at Sun Microsystems) and Randy Komisar (former CEO of Lucas Arts).

We'd be willing to explore both full time and contracting options with you, although we would greatly prefer people open to full time. Would you be interested in chatting further?

Sincerely,

Josh Schwarzapel
Cofounder and VP of Business Development
www.cooliris.com

Questions

1. You have just raised your first round of financing and want to build a team that can innovate in a completely new area: how would you go about identifying the right candidates and balance between ingenuity and experience? Where would you search for them? How do you successfully attract top choices to join your venture?
2. Make a list of what Cooliris is doing right and doing wrong, if anything, with its current recruiting process? How should they improve it?
3. How should recruiting processes differ for hiring various functional positions in the venture? For example, do the same rules apply to hiring engineers as sales and business development talent?