

## MoS Episode Transcript – Gwyneth Paltrow

**BOYD MARTIN:** It was a terrifying experience for me just because deep down you knew inside you're a little bit of a fake and didn't quite belong there. But you had to make it work.

**REID HOFFMAN:** That's Boyd Martin, Olympic horse rider, recounting his first experience in horse breaking. Two decades ago, he traveled to Japan to an elite horse training camp. There was just one small problem. Although Boyd had grown up with horses, he had zero experience when it came to this specialized and highly dangerous art of horse breaking. A friend had roped him into the gig.

**MARTIN:** I said, "Look, I'd love to go, but I have no idea what I'm doing. And they obviously want an expert."

And he said, "No, no, no, no, no. Don't worry about a thing. Just take the job. You'd really helped me out."

So I took a deep breath and I said, "I'll do it."

**HOFFMAN:** Boyd's bravado faded when he arrived in Japan.

**MARTIN:** I was nervous as hell. There were a lot of other experts that had come to see this master horse trainer, horse breaker from Australia. And inside I was shaking, I couldn't believe it. And I honestly was about to come clean and tell them that I really didn't know what I was doing.

**HOFFMAN:** But Boyd didn't let on. Instead, he led the first horse into a pen. His every move was under scrutiny from a crowd of people who were paying top dollar – or rather, top Yen – for this expert trainer from a faraway land.

**MARTIN:** I tried to block out everything in that moment and say, "Okay, what's the goal here? We've got to try and get this horse comfortable with a human being."

I faked it a little bit, but also just used a little bit of common sense too. Finally, I've got a saddle on the horse and then I climbed on board. Inside, I wanted to yell out and cheer. I was thinking to myself, "Holy crap, I'm actually sitting on a horse that's never been sat on before."

**HOFFMAN:** "Holy crap" is a refrain Boyd found himself repeating less and less over that two-month period in Japan. He broke in that first horse – and another and another.

**MARTIN:** I successfully broke in about 48 horses and they all went to auction and they all sold very, very well. Thank God because if it didn't work out, it would have been just an absolute disaster on every level. It was a real good example of trying to figure something out under pressure, in the moment

**HOFFMAN:** Boyd went on to become one of the world's most respected riders, representing the U.S. at the Olympics in 2012 and 2016. He's recently started going back to Japan to train horses – and this time, his reputation precedes him.

Making the leap from horse rider to horse trainer was a gamble that paid off for Boyd. And there are people from all walks of life who brave similar transitions. But there are sadly many more who don't take that leap. They have an idea to start a business but they convince themselves they're too young or too old – and they never get on the saddle.

I believe it's never too late to join the entrepreneurial party. Founding a business can be your second, third – or hundredth act.

#### **[THEME MUSIC]**

**HOFFMAN:** I'm Reid Hoffman, founder of LinkedIn, partner at Greylock, and your host. And I believe it's never too late to join the entrepreneurial party. Founding a business can be your second, third, or hundredth act.

Entrepreneurship is plagued with unhelpful myths. Many of these are internalized stories we tell ourselves. And others are reinforced all around us. One of the most pervasive is that entrepreneurship is a young person's game. This is not an assumption we make on this show or about our audience. Because it's in no way true.

It's easy to be misled by the stories of the young genius Bill Gates, the fantastic wunderkind Mark Zuckerberg. But there are plenty of influential entrepreneurs who founded companies in their 30s, 40s, and 50s. In fact, my producers have pointed out that if you Google "Entrepreneurs Who Started Later in Life", my picture appears among the top results. I suppose I was an ancient 30 when I started my first company, SocialNet, and a geriatric 35 when I launched LinkedIn.

I spent years putting myself in positions that would prepare me to launch my own company. So I would argue that I wasn't a "late-start" founder. I was in fact starting at the time that was right for me – and for the ideas I wanted to bring to life. It's not just age that is a barrier, often it is your own self doubt.

And whenever you're starting, you bring all your life experiences along as key assets. Use them. You may worry that you've gone too far down another path to make the jump to entrepreneurship. I'd argue that everything you've learned so far will help you succeed.

But you should also know that it won't be enough. The learning curve of entrepreneurship is so steep and so fast it will flip your world upside down, multiple times. You have to be willing to ask for help.

I wanted to talk to Gwyneth Paltrow about this because she famously made the transition from Hollywood star to startup founder with Goop, her lifestyle brand. Gwyneth started Goop in 2008 as a weekly email she sent from her kitchen table. It now has over 8 million subscribers and a \$250 million dollar valuation. And while Gwyneth is in some ways an exception – being very well-known from her previous career – her story is also representative of what many would-be founders face as they make the leap into entrepreneurship.

For those of you who don't follow film, I should perhaps add that Gwyneth has made over 50 movies that together have grossed more than \$8 billion dollars. They include "Shakespeare in Love" – for which she won an Oscar; "Seven"; "Sliding Doors"; "The Royal Tenenbaums"; and seven Marvel films, including "The Avengers".

But we're not going to delve any further into Gwyneth's amazing movie career. Instead, we're going to focus on how she made the entrepreneurial leap. Not just as a celebrity figurehead, but as the founder building the business model from the ground up.

As we make our way through Gwyneth's story, I'm going to share the seven key steps that everyone should follow when entrepreneurship is your second act. Why seven? Well, it's an homage to her movie, of course.

And step one for the hesitant would-be founder? Don't wait for permission. Just start. Own your idea and your right to pursue it. Gwyneth's transformation from movie star to business founder seemed like a sharp left turn to many. But actually, it had been a long time coming.

**GWYNETH PALTROW:** I loved business, and I was always fascinated by it. I remember reading *Barbarians at the Gate* when it came out and just being like, "This is incredible. This is like gaming, but with real people in real life."

**COMPUTER VOICE:** *Barbarians at the Gate* is the classic business case study of the leveraged buyout of U.S. conglomerate RJR Nabisco.

**PALTROW:** I just thought it was fascinating. So I always harbored this secret desire to somehow start a business. It just converged with my interests, which were lifestyle – and I had no idea what I was doing.

**HOFFMAN:** "I had no idea what I was doing." It's a common refrain from founders who have brought an idea to life after pushing through their own profound doubts.

**PALTROW:** I had so much trepidation about even planting a teeny flag into the world of "I'm going to create content." I had secretly harbored the desire to create a business, but I couldn't even imagine what it would be.

**HOFFMAN:** Though she couldn't yet imagine the business, Gwyneth had the spark of the idea that would become Goop. Over the course of her travels as an actor, she noticed an unmet need.

**PALTROW:** I couldn't find the kind of content and curation that I was after. I had been doing films all over the world, and sort of taking travel notes all the time, and realizing how much recommendations were skewed, or bribed.

I thought gosh, there's really nowhere to go on the internet for trusted recommendations, or recipes that you know will work – and I love cooking. It was sort of taking all of my ancillary passions and aggregating them into this one place.

**HOFFMAN:** Many late-start founders have a similar origin story for their company. The seed came from a problem that was intimately important to them. Often, because of their current career. They solve this problem for themselves and a close circle of friends, usually in the simplest way possible.

And because of these humble beginnings, they might make the mistake of thinking their idea isn't "worthy" of wider attention. Or perhaps assume that it is just a stopgap until a "real" entrepreneur – one of those young tech whizkids or an experienced serial founder – leaps in and brings it to market. But you'll never know until you make the leap. And that brings me back to something Gwyneth said:

**PALTROW:** I had no idea what I was doing.

**HOFFMAN:** Of course, this is normal. Even founders who think they know what they're doing often don't know what they're doing. If you can own this uncertainty, like Gwyneth did, then you can make it into a strength. If a lack of knowledge leaves you paralyzed, like a deer in headlights, then entrepreneurship may not be the dark and winding road for you.

But if you welcome that challenge, it brings us to step two for the would-be founder: Embrace the gaps in your knowledge, and come up with strategies to fill them, which is exactly what Gwyneth did as she prepared to send her first Goop newsletter.

**PALTROW:** I started asking some questions, and then I figured out WordPress to the best of my ability; Mailchimp; and I sent my first email out.

**HOFFMAN:** That first email to around 10,000 people contained recipes for turkey ragu and banana-nut muffins. Every two weeks, she sent out a new collection of recipes, fashion ideas, travel tips, and other recommendations to her rapidly-growing list of subscribers.

**PALTROW:** I didn't know how I would monetize it, so I just started sending content. What happened was, very much by accident, I had this six year relationship with my audience where I wasn't asking anything from them. I wasn't monetizing it at all, I just was sending content. And so that is the DNA of the brand, and that's what I am so careful to protect, is that trust that I have with the audience.

**HOFFMAN:** After a few years of building up her content, brand and, most importantly, the trust and fandom of her readers, Gwyneth decided it was finally time for Goop to move from passion project to business. She started looking for the business model to support her content.

**PALTROW:** I thought, "Okay, I really would like to do this." Then I started looking around, and it was kind of the days of the flash sale model, and the subscription shoe model. None of those felt right to me. And I thought, "There has to be something here, because people trust, they believe in what I talk about."

**HOFFMAN:** But although she knew she had something, she was unsure of where to take it next.

**PALTROW:** I didn't even know how to get there, so I first started monetizing it with partnerships.

**HOFFMAN:** Gwyneth was making the first faltering steps into scaling the revenue from Goop, but in a piecemeal fashion. She found sponsors for individual newsletters, and rejoiced when her first ad partnership made her \$45.

But while she hadn't reached the limits of her ability, she was at the limits of her experience. She needed trusted, experienced advisers.

And this brings us to step three for the would-be founder: Ask for help and listen to the answers. Seek out trusted advisors – but this is important: Make sure that they'll tell you what you need to hear, not what you want to hear. And this skill – of unabashedly seeking advice and taking it – might be Gwyneth's entrepreneurial superpower.

**PALTROW:** For me, my mentors have been everything. I think what I tried to identify was a group of different mentors. When I looked at Brian Chesky and I thought, "My God, how did he change everybody's mind, and change everybody's behavior? What a gargantuan task. I have to call this guy." And luckily, he took my call.

**HOFFMAN:** Oh, Brian's awesome.

**PALTROW:** He has been just incredibly helpful, and the things that he says are so impactful.

**HOFFMAN:** Simply having the courage to reach out to people for advice is not enough. You need to know who you want to talk to and why. If you can come at them with specific questions, they're more likely to respond and you're more likely to get something of value.

**PALTROW:** I talked to Natalie Massenet, who founded Net-a-Porter. She's incredibly helpful. And Mark Lori, from Jet. If I have an e-commerce question, I call him. He's been amazing, and he's given me a lot of guts.

Because I'm so nervous about getting to profitability, and he's like, "For what? Then what? So you're profitable, so what?"

And I'm like, "Well, I can pay my people, and keep the lights on." But I love that he gives me the guts to really think big; and to grow faster, to your thesis.

**HOFFMAN:** And ideas for who to call can come from the most mundane of thoughts and the most magical of places.

**PALTROW:** I was at Disneyland with my kids a few years ago, and I was walking around the park, and buying those expensive Minnie Mouse ears, and I was thinking, "I wonder what the margin on these ears is." And then we were in F&B, and I saw the cruise ship, the travel experiences in the hotel. Then I realized, "God, all of this is coming out of content."

So I said, "I wonder if I could get Bob Iger on the phone." He's also been very generous, when I can squeeze him for an hour or 15 minutes here and there. I think you just have to be scrappy, and try.

**HOFFMAN:** Of course, this is an instance where being Gwyneth Paltrow helps a lot. But I'm not saying you have to wait for your first Oscar win before reaching out. Or that you should expend energy trying to get a direct line to Bob Iger. Rather, the lesson here is: Be scrappy in building your network. Be constantly on the lookout for relevant questions in unexpected places. And then just ask.

**PALTROW:** I mean, the only reason I'm on this podcast is so that I hopefully get your phone number.

**HOFFMAN:** Oh, for sure, easy.

**COMPUTER VOICE:** The cell phone number of Reid Hoffman is 8-0-5 [static interference].

**HOFFMAN:** This ability to shamelessly ask for advice is shared by most successful entrepreneurs – and especially the ones who build a bridge from their first successful career. Take Ruben Harris. Ruben made the transition from professional cellist to investment banker to co-founder and CEO of Career Karma, an app that helps other career changers find advice and mentors.

**RUBEN HARRIS:** I grew up as a professional cellist, I've been playing the cello since I was four years old. And when I graduated, I just wanted to be the best musician in the world.

And my cello teacher told me that, "If you want to be the best musician in the world, you need to master business, because a lot of artists don't focus on business, and when you achieve a certain level of success, you're forced to become your own brand. So don't look at it as diluting your own art, look at it as being a professional musician." I met an investment banker that told me that if you want to learn business in a short amount of time, do investment banking.

**HOFFMAN:** Ruben lacked the test scores and experience to break into the closed world of investment banking by the traditional route. But he didn't lack the determination.

**HARRIS:** And so what I said is, "I'm going to figure out how to do this." So I created a blog, and I wrote all the reasons why people wouldn't hire me. I taught myself financial modeling. I sent 1,900 emails. I crashed career fairs. And I got a job as an investment banker in Chicago at BMO Capital Markets. That led to 7,000 people reaching out to me. I helped over 50 people from small schools get jobs at investment banks.

**HOFFMAN:** It was a pattern Ruben repeated when he wanted to break into tech.

**HARRIS:** I bought a one-way ticket to San Francisco without knowing anybody. I had a place to live for a month, with 14 people. I sent out five emails every day. Three weeks later I found a job.

**HOFFMAN:** Ruben wrote about the experience on his blog.

**HARRIS:** And that story got picked up by all the major venture capitalists. Everybody said, "This is the best way to get into tech." And then we started getting thousands of emails from people. I put 13 articles on TechCrunch. And what started off as a blog turned into people wanting to grab coffee with me, asking me how to get jobs in tech.

**HOFFMAN:** Now Ruben and his podcast, “Breaking Into Startups”, help other people who want to transition into being founders.

**HARRIS:** I featured a high school dropout that’s at Slack as a senior engineer. I featured people that are formerly incarcerated. I featured single parents. I featured a 50-year-old that quit his job to work with people that were 20.

I think the more people learn how to tell their own stories, the more we’re going to get more people to believe in themselves when they see that it’s possible. And that helps with imposter syndrome. If you have a compelling story, complete strangers will go out of their way to help you.

**HOFFMAN:** By reaching out and asking people questions, you’re not just helping yourself. You’re helping to strengthen other people’s networks. This is one of the reasons I built LinkedIn, to connect people around ideas, and build self-reinforcing networks that scale relationships and expertise. It’s also why I do this podcast.

A podcast that is supported by an amazing sponsor who would love to get a word in at this point. After the ad break, we’ll hear from Gwyneth on how she used the network she built to bring Goop into the world of VC funding, and beyond.

#### **[AD BREAK]**

**HOFFMAN:** Before the break, we heard how Gwyneth made a practice of seeking out advice. Gwyneth’s first trusted advisor came to her on the strength of her product.

**PALTROW:** I met this woman at a cocktail party in London, named Juliet de Baubigny, who was a partner at Kleiner.

**COMPUTER VOICE:** Kleiner Perkins is one of Silicon Valley’s most successful VC firms. Google, Amazon, Sun Microsystems, and Netscape are among the companies it has funded.

**PALTROW:** She said, “Oh, I really like what you’re doing. What are you going to do with it?”

I was like, “Well, I don’t know. I want to do something with it and I have all these ideas, but I don’t feel that I have the authority to do it.”

**HOFFMAN:** “I don’t have the authority to do it.” Unfortunately, too many people listen to this inner voice. It’s why you need a chorus of external voices to drown it out. Juliet turned out to be a soaring soprano in Gwyneth’s chorus.

**PALTROW:** She was really a champion, and she set me on the course of thinking about, okay, here's a professional woman in this industry, and she is, I don't know, validating it in some way. She sees brand equity there, and so let me really think about how I'm going to do this.

**HOFFMAN:** And it was Juliet who connected Gwyneth to her first round of investors.

**PALTROW:** She said, "You know, you have these super fans," who I'm friends with, "These incredible women, business-minded women, and they all participated in this little seed round."

**HOFFMAN:** And as Gwyneth enters the fund-raising stage, that brings us to the fourth step for founders, when entrepreneurship is your second act: Keep your eyes on the road ahead. Investors will be laser-focused on the potential of your idea, not your past achievements.

Just walking in to the room and expecting to coast off your reputation isn't going to work. You need to show passion, but also have a provably outstanding business idea.

**PALTROW:** I was an actress for all intents and purposes. I don't think that a lot of venture capitalists could understand my vision of the company, and probably, rightfully so, thought, "Well, why? This is an actress. What are we doing here?"

I think people take the meeting because it's Gwyneth Paltrow. For the first 90 seconds, I'm Gwyneth Paltrow, and they say that they like "The Royal Tenenbaums" or whatever. Then you get right into defending your business. I think that it actually then hurt me to be "Gwyneth Paltrow", and not just a female entrepreneur who had a vision of how to do this.

It's gotten progressively easier. And the last time we raised money, it was really not such an arduous process. It had been, but by that point I proved out the case. You would still love it or hate it, or do it or not do it, or think it wasn't right, but at least I wasn't trying to prove that there were actual bones. The bones were there.

**HOFFMAN:** The bones are there – but you need help uncovering them, and seeing what they connect to. Think of your investors and your mentors as a team of forensic scientists. They will notice things about your idea that others may miss. And they will help you brush away the dirt to bring those winning aspects into the light of day.

Gwyneth had an early investor who had started digging into the hidden potential of her business, even before they met.

**PALTROW:** I was very, very lucky because Tony Florence, he was an early investor in an e-commerce luxury company called Moda Operandi. He was at a board meeting, and

he was looking through some graph of new customer acquisition. It went down here, down here, down here, and then it went straight up. He said, "What happened on this day?"

And they said, "We were on something called Goop."

And he was like, "What is that? I might want to talk to that founder."

**HOFFMAN:** Tony Florence, of NEA, became another of Gwyneth's trusted mentors.

**PALTROW:** He pushes me, he supports me, he's just an incredible person to have on the other end of the phone. Some people don't have that relationship with their VCs, so I know how lucky I am there.

**HOFFMAN:** Actually, I describe financing partnerships is like getting married on two PowerPoints and a dinner. And so you have to choose who you are going to battle with.

**PALTROW:** Is there a reality show about that?

**HOFFMAN:** Although Gwyneth took part in all the fund-raising efforts as Goop founder, she didn't take on the role of Goop CEO until 2017.

**PALTROW:** I know I don't want to ever be a CEO of a publicly traded company, if that were ever to happen. Pipe dream, Reid. But I think I'm the right person for this job right now – and it was almost having the guts to give myself the permission.

It was like the words were stuck in my throat when I talked to the board about it, and they were incredibly supportive. I think it's definitely been the right decision for this chapter of the business.

**HOFFMAN:** Yep. We're in the Valley, and most knowledgeable VCs, we're huge fans of founder CEOs, right?

**PALTROW:** Right. Like five to one, right, they outperform, non?

**HOFFMAN:** Yes, exactly. And it's partially because you believe in the business, you think long-term. Obviously there are some CEOs who are not founder CEOs who become founder CEOs, who have that kind of principle.

**PALTROW:** Of course.

**HOFFMAN:** But it's this, "This isn't a job. This is a mission. I care about it."

**PALTROW:** "This is a child. This is your life," you know?

**HOFFMAN:** Exactly.

**PALTROW:** This is beyond personal.

**HOFFMAN:** And once you're deep into the business as a founder, we hit step number five: Never stop experimenting. With your product, your ideas, and your company.

All good founders combine passion for their motivating idea with a flexibility and urge to explore product market fit. This is especially important in the beginning. And it is something that Gwyneth did obsessively.

**PALTROW:** I thought, "Well, I'll just try a few different models. I'll create a media business over here." And in my mind that supported all the content. "Over here, we'll have an e-commerce business, and I'll have a wholesale business." And so I was like throwing all my marbles out and seeing which ones got caught.

**HOFFMAN:** This experimentation led to the business model that Goop now embraces, a combination of product endorsements and sales of its own branded items. These include fashion, clothing, beauty and, most controversially, health products.

But while some of the things Goop sells have dubious benefits – Psychic Vampire Repellant is my favorite example – Gwyneth's enthusiasm for experimentation is a trait she shares with successful founders everywhere.

**PALTROW:** When I looked around, I saw a lot of big, heritage American brands not understanding the way people shop, and not understanding how important the multi-brand experience could be with an eponymous experience. I just was trying different things out.

And when I really understood the power of contextual commerce too when we started leveraging it in paid marketing, we would do what we call editorial prospecting, where we put paid behind an article that then was full of product. And it was so incredibly successful for us, and I thought, "This is it. This is the model, here."

**HOFFMAN:** So, one part of it is, in this classic entrepreneurial, it's the experimentation. It's like, "Let's try this, let's try this, let's try this, let's double down on what's working."

**PALTROW:** Like Brian Chesky says, do a thousand things a thousand times.

**HOFFMAN:** We'll hear from Brian later in the episode. But when it comes to trying many variations on a theme, another Masters of Scale alumni has a few words. As Gwyneth did with Goop, Sara Blakely grew Spanx out of a need that she herself had, and that she solved.

**SARA BLAKELY:** I just kept iterating. At the same time I was trying to validate my own idea. And I went to Neimans and Saks and asked, "What do women wear under these white pants?"

And the sales ladies would always say, "Well, we don't really know." Or they'd point me in the direction of the shapewear that did exist and it was really thick and dreadful and too much control or not what I was looking for. And then there was like regular underwear, which left a panty line that was visible. So there was this big gap.

**HOFFMAN:** Sara already had an amazing product that wowed her friends, family, and anyone else she could convince to try. But she was thinking ahead, branching out from that initial idea. She knew she'd need to be ready to make variations – big and small – to fit the market and the expectations of her distributors and her customers.

**BLAKELY:** So I was doing two things: I was trying to determine if there was a market place beyond just my own thought and what I wanted, and at the same time I was iterating the product.

I mean, I tried to make the prototypes myself. I went to fabric stores and bought elastic and tried to like paper clip it to the end, and then I tried to sew it. And it was through the iteration of the prototype that I really started to love it and love what it could do for my wardrobe.

**HOFFMAN:** All of this prototyping and iterating helped hone that initial idea.

**BLAKELY:** Sometimes an idea is before its time, sometimes the execution isn't quite right. But if that does happen, it leads me typically to something really fantastic. And I just have this sense. I know what's going to work and what isn't. It's just like this internal compass feeling that I get, which is I'm sure what lots of artists and people get with songs they create, or you just kind of get that feeling inside.

**HOFFMAN:** Experimenting is learning. And this is something you will need to relearn to do. It will be a humbling experience, especially if you are coming from a career in which you had reached the peak of excellence.

This brings me to step six: When entrepreneurship is your second act be an infinite learner – but accept that you can't master everything. You will never learn as much in your lifetime as when you launch your first company (except perhaps between the ages of zero and three). And even then, you'll never learn "enough".

This is easy for new founders to forget, especially if they are also suffering from imposter syndrome and want to prove themselves. And it can be an especially big transition if you are coming to entrepreneurship a little later on.

**PALTROW:** I just had complete imposter syndrome, and thought: "There is too much to learn. I could never possibly do the job." And at a certain point, I had to say to myself, "You don't have to know everything."

**HOFFMAN:** The feeling became even greater when Gwyneth took on the CEO role.

**PALTROW:** I remember once I took the CEO job, I was up until two o'clock in the morning one night, doing this deep dive on risk pooling, which is an inventory management theory.

I was like, okay, this is now crazy. First of all, I'm never going to fully understand this. And second of all, this is not the best use of my time. I understand enough. I have a cursory understanding of this now, and I get it, but it's going to be about can I attract the right people to help me do this? And can I articulate my vision in a way that other people can understand, and then execute on? Can I build that family, as you call it in your book, in those early stages?

**HOFFMAN:** You don't need to know everything, but you do need to be aware of what you do know versus what you don't know, and be ready to fill those gaps when you need to. But you also can't afford to blindly delegate tasks.

Getting this balance right is one of the most important things on the learning curve of any entrepreneur. And for someone starting out later, who may be set in their ways, it can be one of the most tricky to master – far more so than figures and inventories.

**PALTROW:** In this respect, the key thing that I had to learn was that, if somebody came and said, "I really know how to do this," and, "Don't worry about it" – that was always a mistake.

**HOFFMAN:** Just because someone is an expert in a field, doesn't mean they'll be a right fit for your product, your company culture, or your vision. An expert in sorting through the noise of what would be nice to know and getting to the core of what you need to know is Brian Chesky of Airbnb.

**BRIAN CHESKY:** There are literally a thousand things to know to start a company, but maybe there are only two things they need to know how to do: build a product people love and hire amazing people. What else is there to running a company than those two single ideas?

And so I would spend more time on making an amazing product and hiring amazing people. And I'd spend less time worrying about incremental ideas of traction, on raising money, on all this other kind of stuff.

**HOFFMAN:** What you need to focus on will depend on your skills, your interests, and your company. One surefire way of knowing when you're focusing on the right problems is that they'll set your mind on fire.

**PALTROW:** I lie awake at night and I find it so thrilling that there are these problems that you can break apart and solve. I think probably it's so much more interesting to me because I don't have the background in it. And again, the mistakes that I've made, when I look back, I think I can't believe that I didn't even know to ask the question. But again, those have been some of my biggest learning moments.

**HOFFMAN:** This brings us to the seventh and final step for would-be entrepreneurs: Be ready for the transitions that come with scale, because they expose all of your assumptions about how you "should" do things; they stress-test your approach to culture. They also creep up on you – there is no sign designating "now you are a medium size company". How you negotiate your way through them defines you as a leader.

One of those first transitions you will face will be going from a tight knit group of pioneers to a larger community where not everyone knows each other's name.

**PALTROW:** I had a really hard time going, to quote you, from a family to a village. I didn't understand how to cultivate the culture when it's impossible to model it from the top, and it's impossible to have one-on-one time with everybody. There are people at the company now who I don't know their names.

I really thought a lot about: How can one approach culture so that you get this feeling that we had when we were eight girls in a barn, and everybody feels so connected, and it feels so resonant to everybody?

**HOFFMAN:** "Eight girls in a barn." It makes a nice change from two dudes in a garage. But whatever your origin story, you're going to have to grow beyond it.

**PALTROW:** I think it's taught me about radical accountability. And I had a really hard time at the end of last year in the fourth quarter, because we got to 250 people, and something happened.

It really struck me that it's accountability. I have these all staff meetings every Tuesday. I outlined my problem that I was having, and how I was thinking about it, and I said, "You know what I realize? Is it's up to every single one of us to create the culture."

You have to be so conscious about it, and every company has its own culture, and its own number of people, and its own number of offices. And so, it really requires, I think, quite a lot of thinking about and energy. It's almost like this other kind of marriage, you know? It's like this other entity that exists.

**HOFFMAN:** Yep, exactly. Culture was one of the things I also didn't know until I got in it and learned it. I was like, "No, how do you get it so that everyone is in this community, this tribe together?"

It was like, "Be explicit about how to make it." And I think the accountability is exactly right. If you don't walk the walk and encourage everyone to walk the walk versus, "They all know so and so," it doesn't work.

**HOFFMAN:** Every founder must inevitably face the question of how essential they are to their company at its later stages. Gwyneth has been asking for a while, especially as the Goop brand is so bound up with her.

**PALTROW:** We test all the time, "Do we need me for this or we don't need me for this?" I think we've come to understand certain things like, if we're going to go into a new market, then I need to be the one to go into the new market, and explain who we are, what we are, what we do. But actually, there are a number of ways in which the brand can scale without me – and does scale without me.

**HOFFMAN:** Every founder has to find their own approach when it comes to scaling beyond their initial team. For Gwyneth, it was accountability. For me, I took a strategic approach at SocialNet, the first company I founded. I spoke about it to the producers of this show when I took the guest role earlier this season.

**HOFFMAN:** It was both a little idiot savant and a little, whatever the... idiot stupid. At the time, when I was doing SocialNet, I was just going, "Okay, well what's the set of roles in a consumer internet software company?" You have your head product, you have a head engineering, you have head of operations, you had a head of customer service, you have a head of HR, you have a CEO, you have a head of sales, you might have a head of marketing.

Then you say, if you take some years out, five, ten years out, and you say, "Okay, how do I decompose the CO's problem of solving this project, this business problem, into a set of other jobs, of people who are helping the CO? What does the shape of that long term problem look like?" That's actually how you get to what an org chart should be.

Then you said, "Okay, well how many of these combine into one job, two jobs? Will you be able to get someone who has the skills of that job?" Some of the stuff that I was

learning that was different was well, you don't just kind of go, "Okay, here's the whole org we need." It's like, "Well, okay, here's what the first six people look like. Here's what the first nine people look like. Here's what the next 12 people look like."

That's part of the reason why you start with generalists and move to specialists later. You're going to hire someone who's a specialist, but you start with a generalist who's just kind of filling in.

What does that mean in terms of the people that you need in order to be doing it? How do you interview those people? and all the rest.

**HOFFMAN:** The way to keep that continuity of the founder is the culture.

**PALTROW:** It could carry on without me completely. In certain product launches, when we have a really good story to tell, it works without me. What I've come to understand is, I'm helpful for the launch of something.

The product that we make is great, and the efficacy is always great, so it gets traction, and then we're off to the races. And I really do believe that as time goes on the brand more and more has its own legs. Of course, it's my hope that it will be much bigger than I ever was.

**HOFFMAN:** When you come to entrepreneurship later in your career, you're almost always risking something above and beyond those who start out earlier. You're risking your reputation, your current position, even your sense of self worth.

Recognize that you are always going to be the one who is most passionate about your idea. And if you are in a position to commit yourself wholly to it, then you are the best person to make it happen.

I'm Reid Hoffman. Thank you for listening.