

MoS Episode Transcript – Commencement Speech 2020

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REID HOFFMAN: Hi listeners, Reid here. And a special hello to all you 2020 graduates.

Graduation is a time of extreme emotions. It is a key moment in life where exciting possibility and optimism meet uncertainty and change. It is at once exhilarating and unnerving, hope-filled yet disquieting.

2020 graduates are facing this transition during this time of unprecedented global upheaval, and we still have no clear sight of the new normal.

I've been thinking about this a lot lately, and on May 16th, I published a commencement speech on LinkedIn. I called it "My 2020 Vision for Graduates: How to be Optimistic in Terrible Times."

I'll read it to you today the way commencement speeches are meant to be – out loud with the great optimism that you deserve.

I hope my words will go some way toward helping you new graduates make sense of this time. But most importantly, I want to congratulate you all, and wish you the best on the exciting journey ahead of you.

[THEME MUSIC]

HOFFMAN: Shortly after I graduated from college in 1990, America entered a recession. The unemployment rate peaked at 7.3 percent in 1991. That same year, the U.S. experienced a record number of murders. The world was also in the midst of the AIDS epidemic. Tens of thousands of people around the world were dying from a virus there was no cure for.

My generation, dubbed Generation X after a popular novel of the same name, was typically characterized as being aimless and cynical, prematurely embittered by dead-end jobs, the generally awful state of the world, and an overall sense of cultural exhaustion.

In other words, compared to you guys, we had it pretty sweet.

Congratulations, class of 2020. As the title of a movie from my early post-college years puts it, "Reality bites." In 2020, entering the real world means staying at home, sheltering in place. Finding your dream job – never an easy endeavor – is exponentially harder in an environment where any job is hard to come by.

Obviously, this is not the best time to be making a major life transition – it's a terrible time. But it is your time to do this, so you have to try to make the best of it. And one thing we can say with

certainty about the current moment is that no one really knows what's going to happen as we move forward from here. Society as a whole experienced cataclysmic shock. Things we assumed were indelible, immutable parts of our lives were suddenly no longer parts of our lives. Is it temporary? Is it ongoing?

In many ways, your generation will be the ones who end up determining this the most. How much change will you tolerate? How much change will you demand? In moments of uncertainty, in moments of great change and even chaos, we all have the instinct to hunker down and cling to the familiar, the known, the predictable, the things we're comfortable with. That makes perfect sense.

And in this particular instance, by all means, hunkering down and maintaining social distance is saving lives. Keep doing that. But keep looking forward too. When we talk about what happens next, we often frame the conversation in reactive terms. We talk about getting back to work. We talk about a return to normalcy. In my opinion, that's the wrong orientation. We should be thinking in terms of moving forward. As the saying goes, "Never let a good crisis go to waste."

At first, that might sound cynical. Opportunistic. But I believe it's an incredibly optimistic, idealistic, and resilient way to look at the world. It recognizes that forces that create chaos and confusion also upend deeply rooted habits and patterns of behavior – the status quo – that often block potential innovations and more productive ways of living.

Now, with so much in flux, where do we go from here? Who flourishes? In a quote that's often attributed to Charles Darwin – but was in fact a Louisiana State University management professor paraphrasing Darwin in 1963, "It is not the strongest of the species that survives, nor the most intelligent that survives. It's the one that is most adaptable to change."

And that, I would say, is your superpower at the moment. You're young. You haven't been living your adult life in a specific way for ten, twenty, forty years. This is not to say you don't have huge challenges ahead of you. Or significant obligations, expectations, and dreams that pre-date this new moment we find ourselves in. Because I'm sure that you do.

There's a good chance you've got student debt. You may have achieved a certain level of training and expertise in a field that no longer seems as viable as it did just a few months ago. But meeting this new world with an adaptive mindset right now is critical. And as a person who is most likely in their 20s, you're at a more adaptive point in your life than those who are both younger and older than you. You have a level of autonomy, and thus a capacity, to make your own way that those younger than you don't yet have. You have a receptivity to new approaches that those older than you will likely have a harder time summoning.

So how, then, do you make the most of this crisis? Here is the language of standard commencement speeches: Trust your heart. Listen to your inner voice. Follow your intuition.

Even in the best times, I think this is insufficient advice. In our current moment, it's extremely insufficient advice.

I mean, I get it. Graduation Day is a moment of great transition and uncertainty. You're giving up your familiar identity as a college student. You're on the verge of assuming some new, probably not-quite clear identity as an adult professional. You're about to embark on a journey through unknown and potentially inhospitable territory. You're going to have to say goodbye to old friends and a familiar way of life and hello to new living arrangements, new routines, and probably new student loan bills. So you need a resounding celebration of self, to shore yourself up for the journey. That means you focus on your heart, your inner voice, the unique glory and magic of you. Here's the thing, though.

While you should trust your heart, you should also get a second opinion. While you should follow your intuition, don't just follow it reflexively – talk to the smartest people you know to get the lay of the land. So what am I really saying here? Instead of optimism, I preach pessimism? When others say hope, I say fear? Absolutely not! In this moment, you must be optimistic. Bold. Passionate. Idealistic. There are hard times ahead, and you will need those emotions to power you through them.

But also be strategic and intentional. Dispassionate even. What's the best move for you right now, given circumstances and opportunities? Instead of sticking with a single vision for your life, be willing to experiment. That doesn't mean leap before you look, though. Just the opposite. Plan. Now, we're all moving forward into largely unmapped territories.

But that's why preparation and information-gathering matter most. You have to learn as much as you can ahead of time. What's the weather going to be like? What kinds of threats should you be prepared for? Bears? Deserts? Mountain passes that are all but impossible to cross in the winter? My point is that making progress in life is never just about your passion and your confidence. Or even your grit and your specific skills. It's also about how well you foresee, comprehend, and react to prevailing conditions in the world around you.

To elaborate on what I mean here, let me tell you a story from my own career. A while back, a reporter asked me if passing on a chance to become the first lead outside investor in Facebook was the biggest mistake I'd ever made in my professional life. Well, that was a pretty big mistake. But I thought about it for a while and I told the reporter, "No. That actually wasn't the biggest. The biggest happened much earlier in my career, in 1995."

At that point I was a few years into my career and working as a project manager at Apple. And then I got a job offer from Fujitsu. I'm sure it sounds unbelievable today, but in 1995, Fujitsu was a much bigger company than Apple. About twelve times bigger. So getting an offer from them was exciting. The job they were offering was better too. It had a lot more responsibility than my Apple job did. It had a fancier-sounding title: Product Manager. It came with a big raise.

So naturally I took it. What a mistake! Not because Fujitsu was a bad place to work. It turned out to be a good place to work. But taking that job meant I stopped thinking about another option I was lightly considering at the time – but never ended up pursuing. That option involved trying to get a job at a young Silicon Valley company that had just gone public and would, in a few short years, crash and burn, lay off everyone, and quickly fade into oblivion. Yes, I passed up all that. And I regret it to this day. Why? Because that company was Netscape, the company that released the first widely adopted web browser. And my dream was to create some kind of software product that could positively impact people's lives at massive scale.

I wasn't exactly sure what this software would do yet. I just knew that subscription-based dial-up services like CompuServe and America Online, and the one I'd been working on at Apple, eWorld, could potentially distribute information in far more powerful ways than you could do with books, TV, and other traditional forms of media. At the same time, I was beginning to realize that the Internet was fundamentally different from closed, proprietary online services like CompuServe or eWorld. It was a much, much bigger deal – a new, open, incredibly generative way of connecting and empowering people. Already, thousands of people had started creating their own globally accessible web pages focused on whatever they wanted. They were posting constantly updated photos of their coffee pots. They were publishing lists of their favorite Beatles songs. They were selling hot sauce. One guy named Jeff had even launched what he then called "Earth's biggest bookstore." Big or small, you could build whatever you wanted on the World Wide Web.

And you didn't need to get permission from the government or corporate gatekeepers. You just started building. Because of the Internet – and especially because of the World Wide Web – things were starting to move very quickly in Silicon Valley in 1995. And Netscape was at the heart of the action. It was the fastest-moving, most innovative company in the fastest-moving, most innovative sector of the high-tech industry. At that point, in fact, Netscape was undergoing a process I now call blitzscaling – which essentially means it was growing at warp speed and on a trajectory to become the dominant player in its realm. In January 1995, it had around 100 employees.

A few months later, it had 200 employees. One of those employees was a friend of mine, and when I heard him talk about what was going on there, I sometimes thought to myself, "Maybe I should try to get a job there too." But as much as Netscape intrigued me, I still had that dream of creating some software product of my own that could improve the lives of millions of people. And what I'd already learned from talking to venture capitalists was that nobody would invest in my ideas until I had more experience shipping products at existing companies. And so I thought I needed to get a job as a Product Manager at a well-established company. The bigger, the better.

In retrospect, I really should have been trying to get a job at Netscape. Whatever its title was. Whatever it paid. Because Netscape was where, at the time, there was the greatest concentration of smart people designing the future I knew I wanted to be a part of. It was the

central node of the consumer Internet industry. And that meant it was the best place for making high-value connections that could have had a major impact on my overall career arc and professional interests.

In 1995, though, I wasn't truly network-literate yet. I understood that professional relationships and alliances were important. I just didn't realize how important. And I didn't fully appreciate how the Internet and all the connectivity it was enabling would actually amplify this fact. So ultimately I wasn't thinking strategically or intentionally enough. Instead, I was listening to my heart. I thought that a job as a Product Manager was the fastest route to get to where I really wanted to go.

The thing is, my heart and my intuition were thinking primarily about me and my dreams. They weren't paying enough attention to the larger world around me, and how fast the Internet was changing things. So that's why I say "Don't just trust your intuition. Trust your allies too. Don't just listen to your heart. Listen to your smartest friends. Follow your network." Be passionate, sure, but also think about where your network is strong, and what opportunities that strength creates. And especially now, consider market realities and overall industry and cultural trends. Because it's not just that we're in some periodic but predictable economic contraction.

This is a rarer situation, where unknowns abound, and major societal shifts may be underway. Are face masks a new standard part of business casual? Are in-person office meetings history? Are offices history? What new behaviors, trends, and opportunities are emerging out of the confusion and change that coronavirus has brought to the world? What are the second and third-order effects that the first wave of changes might produce? Obviously, thinking like this right now is an extremely difficult task – you're already facing much more immediate questions. How do you stay healthy and safe in the current environment? How do you achieve some level of economic security? But as much as you can, incorporate an adaptive, forward-looking mindset too.

By anticipating where tomorrow's best opportunities may arise, you increase your optionality over time, and position yourself to pursue productive new career paths. For example, if you were paying close attention to the rise of YouTube in the mid-2000s, you would have understood it wasn't just going to create new jobs for software engineers – but also a much larger number of new jobs in video production, advertising, entertainment, education, and more. If you were paying close attention to the rise of Facebook, Instagram, the same deal. Social Media Manager. Podcaster. Instagram Influencer. None of those jobs existed when I started my own career 30 years ago. Most of them didn't even emerge until the last decade.

So what's the YouTube or the Facebook of 2020? And what's the new kinds of jobs they'll create? As new graduates, at the start of your professional careers, you should be spending serious time investigating these questions. And how do you do that? By cultivating a strong professional network. Relationships matter. Behind every new breakthrough technology, every new industry trend, there are people. That's where everything starts. And while knowledge

creates awareness – you might know that company X is growing fast because you read about it in the news – relationships create opportunities.

As your parents have probably already told you, if you start making annual contributions to your retirement account at 25, you will end up with a lot more money than someone who waits until they're 35 to start saving for retirement. That's the power of compounding interest, and it works for professional relationships and alliances too. Research has shown that people graduating into a recession can suffer negative economic consequences that persist over a decade or longer. There are multiple reasons for this, but generally what happens is that people end up getting first jobs at smaller companies with lower salaries than they might otherwise have had – and thus are playing catch-up from the start. Unfortunately, this is the reality you're faced with right now. So how do you adapt to it?

First, you have to figure out the problem you're trying to solve for. And along with the fact that people who start their careers during recessions tend to start at lower salaries than people who enter the workforce during better economic times, I believe there is another component to this phenomenon. It's not just a salary issue. It's a social capital issue.

Think about it. If the world's biggest and most established companies are hiring less when you graduate, that means you will have fewer opportunities to get your first job at a place where you can build relationships with people who are already experienced and well-connected in your field. You will also have fewer opportunities to build relationships with lots of other new hires who are on the same trajectory as you. What this means, then, is you have to adapt to this new environment. You have to create new opportunities and pursue new strategies for developing the kinds of strong professional relationships and networks that naturally arise if your first job is at a company with hundreds or even thousands of employees.

So how do you do this? Figure out ways to put yourself near the hubs of the networks that matter most in your given career domain. Because the sooner you begin developing your professional network, the earlier you will start benefiting from its compounding value over time. For me, in 1995, putting myself near the hub of the network that was most relevant to my own career goals would have meant doing everything I could to get a job at Netscape.

But for you, in 2020, when jobs are hard to come by, what does that mean? Like I said earlier, relationships matter. Indeed, five years after I ended up not pursuing a job at Netscape, I made what I consider to be the best choice of my career. It was 1999. After leaving Fujitsu a couple years earlier, I had co-founded a company called SocialNet and was in charge of product there. The idea behind SocialNet was to create a place where people could establish online identities based on their real-world interests and connect with each other. As our name suggested, we were a social network well before places like Friendster, MySpace, and then Facebook took that concept mainstream.

While we had fund-raised successfully, we were running into scaling issues and our Board and I were having major disagreements on strategy moving forward. So I had started thinking about leaving and what my next move would be. Initially, my thought was to start another company. To put everything I'd learned through my SocialNet experience into another shot on goal as a founder. But then a friend of mine from college, Peter Thiel, asked me to join his company, PayPal, as a full-time employee.

I had already been serving on PayPal's board for over a year, and now, since I was thinking about leaving SocialNet, Peter exclaimed, why not just join PayPal full-time? And Peter was right. PayPal had extraordinary momentum at that point because of the way eBay sellers and buyers had begun to use it as their payment method of choice. Incredible things were happening there. Hugely talented people were working there. It was, in effect, another shot at a Netscape-like situation – a chance to work at a key hub of the rapidly evolving Internet universe. There was risk there too, and lots of unknowns, and other more predictable options I could have pursued instead.

But this time I knew enough about the power of networks to know this was an opportunity I should take. At PayPal, I learned something new about how the consumer Internet works almost every day. I connected with valuable allies who continue to function as some of the most trusted members of my professional network. Working there was really the start of my identity as a well-connected Silicon Valley professional with an established track record of success. It's where I started really developing the personal network I'd later draw upon as an investor.

If I hadn't joined PayPal, my career might have gone in a completely different direction. If I hadn't had a good understanding of the opportunity it represented versus the risks it entailed, through my conversations with Peter and others, I might have made a different choice. And that right there, is the value of network intelligence. Now, I want to say a few things about luck, timing, and how quickly things change.

Thirty years ago, when I graduated, the Internet existed, but not in any way where I or any of my friends had been thinking, "Yes. I'm going to spend my career building things for the Internet." And then in the space of a few short years, things changed completely, especially where I was fortunate enough to live, Silicon Valley. Where there had once been a recession, there was suddenly a dot-com boom. Every day, new companies were forming. New jobs were being created. People were coming from all over the world to the San Francisco Bay Area to stake out a claim on this incredibly powerful new platform for enabling human activity. The news media described it as a second gold rush.

Then, in 2000, after five crazy years where founders could attract millions in venture capital based on little more than a good URL, the dot-com bubble burst. Hundreds of high-profile start-ups flamed out in a matter of weeks. In this regard, I was extremely fortunate. PayPal was one of the few companies that survived this era, and in 2001, eBay acquired us.

But overall, the flame-out was so spectacular that a lot of people were saying the Internet was over. It had all been a pipe dream. The future still belonged to newspapers, television, department stores, the mall. In reality, of course, the Internet as we know it was just beginning. Tremendous opportunities lay ahead.

My point being: Things change, and they change fast. Over and over. In the end, much of our lives are determined by timing – and how we respond to both good luck and bad luck. Right now, you're starting out with a lot of the latter. Eventually, something new like the Internet will come along. If you invest in strengthening your network, you'll have a better chance of spotting it when it does. You'll be better positioned to take advantage of the opportunities it creates. So my advice to you today is listen to your allies at least as much as you listen to your inner voice.

Believe in yourself, but believe in your network too. Because your network creates the map of the world that provides the context you need to make good forward progress in your life. And in times like these, where there's so much confusion and uncertainty, you will definitely need that map.