REID HOFFMAN: Welcome to Part Two of our series on how to become an expert at being wrong with Jack Conte of Patreon. If you missed Part One, go back and listen; it’s in your Masters of Scale feed.

As you might remember, Patreon is a platform that helps artists and makers, known as Creators, get support from their communities of fans. These fans, or “Patrons,” pay Creators anywhere from $1 a month, to hundreds. What do they get in return? We’ve found just the person to ask...

SARA BENINCASA: I live near the Brooklyn Navy Yard, which is now decommissioned, but I thought, well, what if before they had a Wegmans, they had a secret laboratory.

And they engineered one goat-human hybrid. They lost funding, and she got adopted out to some of the scientists, and she led a pretty conventional life in New York City and went to a private school and tried to kind of figure out who she really was.

HOFFMAN: That's author Sara Benincasa. She's written books, articles, TV shows, and stand-up. But the project she’s describing isn’t any of those. It’s an experimental fiction project called *The Only Goat Girl*.

BENINCASA: I wanted to write an homage to horror films that typically involve a hybrid human and fill in the blank, alien animal. But I wanted to place her in a very recognizable New York City.

So I purchased this wild goat mask from an artist in Latvia, and I worked with my friend Robert Hack, who does a lot of comics for the BBC. We did a combination of self portraits that I took and illustrations that he created. I went to my friend, Sarah Hayden Waverka's goat farm in rural New Jersey, took some photos, I mean it's ridiculous. This is so weird. Nobody would pay me to do that. I just felt like doing it, and the patrons were down for it.

HOFFMAN: Those patrons are Sara’s fans, and her financial backers. Some have been with her since she started her Patreon in 2018.

When she first set up her page, Sara faced the same decision as every Patreon creator: how much money should I ask for? And what should I offer in return?

The nuances of this equation weren’t always obvious, and Sara can point to one way she initially got it wrong.
**BENINCASA:** I was wrong in thinking that patrons would want tangible items from me. I thought they would want swag, a sticker or a T-shirt or a tote bag. We all know the classic PBS, right? But in fact, these were the least popular items I offered.

**HOFFMAN:** We should mention that Sara is also a digital marketer for a nonprofit. So it makes sense she thought her patrons might crave the classic Tote Bag treatment.

**BENINCASA:** But then I'm not a nonprofit entity. I'm an artist. And these patrons were giving me money because they believed in what I did, and they wanted to support it. So I made the mistake of not really polling and inquiring of my patrons, what they would want. Now I regularly poll them. What would you like more of? Because in any business, data tells you the truth.

**HOFFMAN:** Now, Sara's patrons receive intangibles they actually want, like shout-outs in her newsletter, or spotlights on their social media accounts, and of course, they get early access to more weird and wonderful stories like *The Only Goat Girl*.

That's why I believe you need to become an expert at being wrong — and the more wrong you are, the more you stand to learn about your business. But you must be willing to look at the data, take the hard lessons, and implement solutions fast.

[THEME MUSIC]

**HOFFMAN:** I'm Reid Hoffman, co-founder of LinkedIn, partner at Greylock, and your host. And I believe you need to become an expert at being wrong — and the more wrong you are, the more you stand to learn about your business. But you must be willing to look at the data, take the hard lessons, and implement solutions fast.

If you think back to Part One of my conversation with Jack Conte, you’ll remember us building a Wrongness Playbook, page by page, as he told us the story of co-founding Patreon. In Part Two, we’re going to step out of our imaginary classroom, and look at how Jack and his team grew the platform into a thriving company worth $4B, hosting hundreds of thousands of creators. Consider this a field study into some of Patreon’s biggest learnings, derived from their biggest mistakes. (Including one so harrowing, you might feel yourself panicking out of sympathy!)

We’ll pick up right after Jack launched Patreon with his co-founder, Sam Yam. The platform allowed Jack to connect with fans of his music, and convert them into patrons. Just like Sara’s patrons from the top of the show, Jack’s fans paid him a few dollars a month in exchange for exclusive content. It also lets them feel good about supporting one of their favorite musicians. Within weeks, Jack was on pace to make six figures as an artist. Other creators took notice.
JACK CONTE: When we put it out there, it really resonated and very quickly thousands of people needed this thing and wanted this thing.

HOFFMAN: To Jack, these thousands of new creators and patrons flooding the platform proved Patreon’s thesis was correct.

HOFFMAN: What were those first few months of launching Patreon like? What was the beginning of the entrepreneurial drinking through the fire hose?

CONTE: Totally beautiful and magical, and totally overwhelming and terrifying. I had no idea what I was doing. No idea. We didn't have a business plan. We were flying 1,000 miles an hour by the seat of our pants. I mean, there was not a big strategy at the beginning. We were just trying something.

HOFFMAN: This jumping-off-a-cliff moment is one of the most exhilarating — and stressful — moments of the entrepreneurial journey. It’s a time of trial and error. And that “error” part is key. Some of the choices you make will be wrong. But even those wrong choices can lead you closer to the mission and values of your company, as Jack can explain.

CONTE: I think we solved problems in a different sort of way at the beginning, which informed the culture of the company and how we did things that, I think, were probably for the best.

HOFFMAN: Just say some more about how you solved those problems…

CONTE: I'll give you an example. We wanted to launch this creator and we wanted them to have a really great experience on the site. It's a creator named Smooth McGroove who makes a capella music videos. They have a beard down to their knees, and they have a cat in all their videos. And it's a capella covers of video game music. It's the most beautiful internet thing in the world. I love it to death.

HOFFMAN: Jack and his team wanted Smooth to have a great experience on the platform, and make him feel like he’d made the right choice.

CONTE: The whole team, I think it was at that point, maybe five of us, we ordered poster tubes. We contracted with an artist on DeviantArt to do a special portrait of Smooth. The five of us probably spent three days fulfilling posters and just putting a really personal, nice touch on everything.

And I think had we been more strategic about it, we probably would've worked with a three P firm, which I didn't even know what that was back then.

HOFFMAN: If you don't know what it is either, don't worry. It's a fulfillment company that can help process orders.
CONTE: And it might have been a little less personal, and it might have been a little more process driven and systematized, but there was something very human about writing emails back and forth with Smooth and sending him JPEGs of the rendering from the artist over DeviantArt and the relationship building from that.

It was just really beautiful, and I think it set the tone for what became this huge cultural value at the company, which is: Put Creators First. It cost the full team three days of time stuffing poster tubes, but also was just what we felt was right and personal and creator-focused and creator-centric.

HOFFMAN: You may be surprised, but it's actually a classic story on the journey to scale because that handcrafted and the discovery of the magic is actually so important to figure out what to scale and what to do. Actually, in fact, that is an essential lesson, but also by the way classic.

HOFFMAN: You might remember this classic lesson from our very first episode of Masters of Scale with Airbnb’s Brian Chesky. Sometimes to scale, you have to do things that don’t scale.

Inefficiency can feel wrong in the moment. But if it’s helping your company define core values, it’s not really inefficient at all. And in fact, cementing these values is easiest when you’re still small. The more you scale, the harder it gets to experiment, and to change directions as an organization.

This lesson was proving especially relevant as Patreon’s user base grew. And soon, demand was outpacing Patreon’s capacity to meet it.

CONTE: In the first month or two, we realized we’re not going to be able to literally answer all of the inbound requests. There were thousands of people using the product, and we needed to hire people, we needed support, and so, we decided to raise a round of financing just to keep the lights on, I guess.

HOFFMAN: This, by the way, was exactly the right move. In the early days of your company, one of your most important jobs is to get users in the door, even when you’re taking a steep loss. To sustain that, you’ll need capital. But to secure that capital, Jack worried he might be the wrong messenger.

CONTE: One of the first big moments for me was feeling nervous about sitting down at a table with eight VCs and pitching them on this company as an artist. What business do I have being in one of those rooms?

HOFFMAN: As Jack started to meet with investors, he could feel the pitches going sideways. And he didn’t know enough to diagnose what was wrong.
CONTE: I felt like there was something here, but I was unable to describe it and unable to describe why. I was desperately trying to be a smart MBA strategy person in these pitches. I was pitching people on cohorts, and I was pitching people on the retention on the creator side. I was pitching people on the marketplace dynamics and the creator ecosystem, and we couldn’t raise money. I don’t know how many people we pitched. We pitched to a lot of people, but it didn’t work. It wasn’t landing.

HOFFMAN: Pitch after pitch was falling flat. And imitating a “smart MBA person” wasn’t helping.

CONTE: Finally, somebody was asking me about the company, and it was an investor, and I told them the robot story.

HOFFMAN: You remember the robot story, right? In Part 1, we heard how Jack had created an out-of-this-world music video called “Pedals,” complete with dancing and lip-syncing robots. Insanely creative, it was making this video that inspired Jack to create Patreon in the first place. And now, Jack found himself telling this story to a potential investor.

CONTE: I told him about this animatronic head and this 3D printed hexapod robot, building a replica of the Millennium Falcon. I told him this whole thing. And they said, “Jack, that’s the pitch. You need to start every investor pitch with that.” I was like, “Wait a minute. This is like YouTube-y craftsperson stuff; this isn’t business.” They were like, “No, no, no, no, no, that’s the pitch. Be yourself. Be who you are.”

HOFFMAN: All of a sudden, Jack realized what he’d been doing wrong. He had misjudged his value to the VCs sitting around those tables. He thought his job was to know everything they knew. And when he didn’t, he tried to fake it. Believe me, VCs are good at spotting this kind of gambit.

But Jack’s actual value to investors was his deep knowledge of the community he was trying to serve. He understood how creators think because Jack was, and is, a creator! His own authentic story, in his own voice, crisply demonstrated the problem Patreon was trying to solve.

Once Jack recognized his error, he pivoted fast.

CONTE: I switched the pitch. I started doing all of my investor pitches with the 15-minute robot music video story, which at first felt so awkward, but like that, we raised money. It was such a valuable lesson to me in being myself, and letting that come through and embracing that side of me because it is who I am, and it does make us different.

HOFFMAN: Yup. Well, it’s also: “be yourself,” but “be yourself as a learner,” so it’s: yes, me and me as core, but also learning and adjusting.

HOFFMAN: Being willing to adapt, and adapt quickly, to advice and critique, is part of the “infinite learner” mindset that lets you leverage every mistake.
But this brings us back to a question we posed in Part One: how do you balance the advice of others with your own gut instincts? Because for founders, there’s no shortage of free advice floating around.

Sometimes, as in the story you just heard, the advice will be spot-on. Other times, it might come from a place of catastrophically outdated thinking. (After all, there were plenty of smart advisors who warned that no customer would ever rent a room from a stranger, or take a ride in their car.)

So when is it time to double down on your instincts, and when is it time to open yourself up to feedback that could change everything?

The answer, of course, is it depends on the situation, and the data in front of you. And sometimes, it’s just going to be a hard call. But you must start with a mindset that’s open to the fact that you could be wrong. This is something Jack brings to each major decision he makes as a founder.

**CONTE:** This is the tricky part. There are times where the answer is, "Oh, I need to be myself," and there are times where, "I'm wrong. This thing that I've been holding onto is just wrong, and I can't keep doing it."

**HOFFMAN:** Jack has a perfect example to demonstrate this quandary. And it has to do with one of Patreon’s more prominent features: the ticker on a creator’s page that shows their number of patrons and the amount of money those patrons contribute each month.

**CONTE:** Very early on, I felt like transparency with the fan community about their earnings of the creator was mission critical to the company and business. If you’re going to accept fan payments, you gotta have how much you’re earning on your creator page. On my page, it literally said, "Jack Conte, $5,000 per month," and then underneath it had the number of patrons. And this was dogmatic for me.

**HOFFMAN:** Jack believed in this transparency for a couple reasons. It let patrons see the real effect that their $1, $2, and $5 payments were having. And it let creators who were thinking about joining the platform see its full potential.

**CONTE:** When somebody landed on a page, if they saw how much money a creator was making, they were more likely to become a creator. "Oh my gosh, this creator's making $5,000 a month. This creator's making $15,000 a month. I should sign up for Patreon."

And it turns out that was most of Patreon's growth.

**HOFFMAN:** Patreon had metrics that confirmed their growth strategy was working. But the pointed feedback they were starting to get from their users told a different story.
CONTE: All these creators said, "I don't want to show my fans how much money I'm making. That's weird. It makes it about money instead of about my work, and I don't like that. So I don't want to launch a Patreon page." We ignored that feedback for a couple years.

HOFFMAN: Jack wasn't ignoring Patreon's users out of pure hubris, or a lack of empathy. He had a strong theory based on the data. All the same, Patreon creators kept saying it felt wrong to them. And this feedback started to take on its own gravitational pull.

CONTE: After years of this feedback from the creator community — I think probably at this point where maybe 40 or 50 people — the organization was feeling blocked on launching creators because of this problem. I had data scientists coming to me; I had researchers coming to me and saying, "Jack, we're hearing this in all of our conversations. We've got to change this." I said, "No, we're not changing it."

HOFFMAN: The pressure grew the longer Jack waited. It spread from Patreon's users to the data scientists studying their behavior. Finally, one day Jack found himself in a conversation that shifted his perspective.

CONTE: I sat down with a data scientist named Maura Church, and she laid out this very compelling argument. "We had AB tested a bunch of different types of language on the page. Quantitatively, we would see a hit in creator conversion with this major growth loop where a creator lands on the page, they see how much money a creator is making, and then they sign up themselves." But her hypothesis was, despite that, we have to give creators the option to launch a page without showing everyone what they're making. Because otherwise it's the equivalent of walking into a doctor's office and seeing the doctor's salary above their door.

HOFFMAN: Put in that context, it immediately sounds wrong, doesn't it?

NURSE OVER PA SYSTEM: Paging Dr. Hoffman, Dr. Hoffman, your patient will see you now. That's Dr. Hoffman, 55 patients, $160,000 a year.

CONTE: And why should creative people have to do that, but not doctors and lawyers and everyone else who's contributing to the world? That really resonated with me and eventually got me over the line. We decided to release this feature where creators could choose whether or not to show their public earnings. Then, eventually the same feature with the number of patrons that they had.

And now, over half of Patreon creators are doing that feature, and it was this huge unlock for the company.

HOFFMAN: Seeing the difference it made to give creators more autonomy drove home a major realization for Jack. Preferencing this one specific lever of scale had been limiting Patreon's
growth in unseen ways. It’s easy to count the new users you get each month; it’s harder to tally the ones that never sign up.

As an entrepreneur, you need both a clear vision and mission, and an intense flexibility in the face of data. Or in the lightly paraphrased words of another Masters of Scale guest, Mark Pincus: “keep your good instincts; kill your bad ideas.”

CONTE: It was another moment where I just basically realized I've been wrong about this. I needed to adapt and change how I was thinking about the world to do the right thing for creative people and do the right things for the company too.

HOFFMAN: Changing your mind about a deeply held belief isn’t easy. But if you can bring that adaptability into your thinking, you’ll be able to pivot and change course when you need. That’s the good news. The bad news is you may end up having to learn that lesson more than once.

[AD BREAK]

HOFFMAN: We’re back with Jack Conte of Patreon. If you’re enjoying this episode, be sure to share it with friends. You can do that now — just click the Share button in your podcast app!

And to listen to my full conversation with Jack, become a Masters of Scale member at mastersofscale.com/membership. There’s a lot we couldn't fit into this episode, even in two parts, including how Jack has hacked his own calendar to record four songs every month with his bands Pomplamoose and Scary Pockets. It’s a wild story that shows how resourceful and creative you can be with an entrepreneurial mindset. You won't want to miss it.

In building Patreon, Jack has learned how to be wrong like an expert, which means asking questions, moving past assumptions, and occasionally, checking your own ego. But this is a practice, not a skill you master once and then stick into your utility belt. Or if it is a tool, think of it less like a hammer, and more like a blade that you have to keep sharp at all times.

Before the break, you heard how Jack and his team cemented their values at Patreon early. As a small team, they once spent days handcrafting the Patreon experience for a new creator.

CONTE: “Five of us probably spent three days fulfilling posters and just putting a really personal, nice touch on everything. It was just really beautiful and I think it set the tone for what became this huge cultural value at the company, which is: Put Creators First.”

HOFFMAN: I admire Jack and his team for articulating early for themselves which of their stakeholders were paramount. Because at essence, Patreon is a two-sided marketplace. On one side, you have creators — the people making music videos, podcasts, visual art, and all the other content people love. On the other, you have patrons — the people paying those creators. And Patreon determined that serving creators was their primary job.
And actually, let’s take a moment to dig into this idea a little. When you’re building a multi-sided marketplace, you might assume that your job is to try and serve all sides equally. But it’s not. While you do want all of your users to be happy, prioritizing all sides equally is rarely, if ever, possible or desirable.

I talked with my producers about this recently; here’s a taste of that conversation.

HOFFMAN: I don’t know if you can perfectly or, kind of call it, evenly support different sides. I actually think one of the expert questions around marketplaces is you actually have to somewhat force rank your customers, right?

And part of force ranking your customers is, okay, in trade offs between these, we go with these folks rather than those folks. So like for example, on eBay, you go with the sellers versus the buyers because the sellers are ongoing and putting the things there are the things that make it attractive to the buyers. So if I’m selling collectables, used goods, and other kinds of things, well, I’m just going to go list them on eBay because that's the place where is the best marketplace for that. And so the buyers are there, but you gotta make sure that you keep getting the things listed. And by the way, sometimes it bounces as you're scaling. Sometimes it's a buyer oriented one, sometimes it's a seller oriented one, sometimes it starts as a seller, goes to a buyer, and it changes at different marketing conditions, different levels of scale.

HOFFMAN: Now, having said that, ideally, the different sides of your marketplace will be aligned in their interests. In Patreon’s case, both patrons and creators want their ecosystem to thrive. That way, creators can keep making great content, and forging deeper connections with their fans. So focusing on creators benefits patrons too.

But even when your intentions are totally in line with serving your key customers, you can still find yourself on the wrong side of a decision. And to demonstrate this, Jack — unfortunately — has the perfect story.

It begins with Jack and his team trying to solve a persistent problem for their creators: variable monthly credit card fees.

CONTE: Creators saw their fees fluctuating because depending on how many patrons they shared with other creators, the way we structure processing, we could basically give them a break on fees. And so, a creator would see somewhere between five and eight or 12% fees depending on how many multi patrons they had, where those patrons were located. Were they in different parts of the world?

This was really bugging creators because their income was changing. It was confusing, and they didn't like it, and so our idea was: let's pass the fee on to patrons. Patrons will pay the fee; creators take a clean 95%. That way the creator knows exactly how much they're going to be making every single month and we solve this fluctuating problem.
HOFFMAN: Remember, Patreon's internal mission has been: “Put Creators First.” So naturally, they wanted to keep improving the artist experience on their platform. But they worried that shifting credit card fees to patrons might be disruptive. So, they tested it.

CONTE: We did quantitative research. We added this fee in the checkout flow even without charging it, we just wanted to see, what do patrons feel about this? There was no pushback. And we rolled it out.

HOFFMAN: I didn’t ask Jack what he expected would happen after the change was made. Maybe some messages of thanks from creators for solving this nagging problem. Or maybe they expected nothing. Just the silent hum of a well-oiled machine getting ever so slightly more efficient.

Here’s what happened instead.

CONTE: Worst product rollout in the history of Patreon, absolute disaster. I was getting three or four tweets a second for 24 to 48 hours. It was one of the worst couple days of my life as an entrepreneur.

Patrons got really upset about the fee, and the dynamic was: they then messaged creators and said, "Do you know about this? Patreon is charging us a fee to pay you." Creators were furious about this, and then they started tweeting at us and emailing us saying, "This is unacceptable. You guys can't do this." Then, that snowballed for 48 hours until it was just chaos and the worst thing. I was just feeling terrible about how we had rolled this out and handled it, and it was a disaster.

HOFFMAN: Even though Patreon had pre-tested the change, that test didn’t accurately predict user behavior. And however right they thought they’d been, there was no arguing with the situation on the ground.

But if these two days represented the worst decision of Jack’s life as an entrepreneur, what happened next reflected one of his best.

CONTE: We made the tough decision to roll it back, which was a hard decision, because we had been working on it for months. We said to the community, "We fucked this up. This was poorly done. We are very sorry. This is not how we operate as a company. It's not who we want to be. We want to be collaborative partners with you as you build your businesses. This is not who we are, we're rolling it back." We did that immediately, I think within two days.

HOFFMAN: This fast reversal was critical to Patreon rebuilding trust with their users. They didn’t have months to talk to data scientists and eventually come around. Their users needed
immediate assurance that they were being heard. So Patreon followed the rules of effective crisis management: “Be clear. Be contrite. Be thorough. And act fast.”

As lessons go, it was a brutally hard one. But critically, Jack and his team learned from it.

**CONTE:** What we learned was, when we roll out things that are going to affect patrons, we don't go to patrons; we go to creators. We say, "Hey, creators, we're about to roll out this thing. We think some of your patrons might feel this way. Some might feel this way. Here's the tools that we've built to mitigate all this, but this is within your control. You can choose to do this or not do this. We're giving you this opt-in thing, and here's the messaging we suggest with your community. If at the end of the day, people don't want to do this, great. They don't have to, but we're going to tell you about it first because we want to be partners with you in building your business."

That philosophy of not being the arbiter and mitigating the relationship between a creator and their fans was such a critical lesson for how we address communications in the future. Our patrons are not our patrons. They are our creators' customers. They are not our users. We must help our creators manage and deal with and build relationships with their customers. We must empower them to be able to do that. It was a critical lesson from this rollout.

**HOFFMAN:** Jack also learned a lesson about the difference between quantitative versus qualitative data.

**CONTE:** Quant is not enough. We will miss things if we don't talk to people and look at them in the eye and show them the product and hear what they think about it. You can read so much in a person when you show them something. And you miss all of that with pure quant research.

**HOFFMAN:** These moments of being not just wrong, but massively wrong, are certainly not what you wish for as an entrepreneur. But the bigger the mistake, the more you stand to learn if you can leverage that learning fast.

**CONTE:** I think really what I've learned is, rapid insatiable curiosity is one of the most important things. Hunting for problems and running at them a million miles an hour with openness and a willingness to have been wrong about the world.

Sometimes when you dig in, you realize you were wrong about the world. Sometimes you realize you weren't, and actually you need to keep going, but if you don't approach everything with rapid insatiable curiosity, then you don't know fast enough when you were wrong and when you were right about things.

**HOFFMAN:** Exactly. Moving at the speed of curiosity is how you keep driving your business forward. And Patreon has adopted this approach to growing their creator communities.
In fact, they’ve put so much faith in their relationship with creators that it’s led to a policy several of Jack’s advisors told him was existentially wrong.

**CONTE:** So when we launched in 2013, we gave creators a CRM.

**COMPUTER VOICE:** CRM. A tool for Customer Relationship Management.

**CONTE:** And it had the email addresses of their fans. Now, this was against the advice of a lot of people that I talked to. They said, "Hey Jack, YouTube doesn't give people email addresses of their subscribers. Facebook doesn't give people email addresses of their likes and followers. That prevents the platforms from having lock-in. That is the network effect for those platforms is that you can't take your fans elsewhere. So don't give creators email addresses, then they can just take their fans somewhere else, and you're putting the company at risk."

Our standpoint on that was: this is right for creators. A whole problem with YouTube and Facebook is that they fricking lock-in creative people and don't let them own their relationships with their customers. The world moves in favor of individuals over time. There is power shifting from institutions toward people right now. That is a long trend that we decided 10 years ago, we are going to be on the right side of history of that trend. We are going to give creators the email addresses of their fans, because we believe that creators should have control of their audience and eventually the platforms that they use. If they're unhappy with Patreon, they should email their fans and say, "Everybody, we're going over here instead."

That put our ass on the line. It put a fire under our butts to serve creators in the best way possible. And I think that was a very important, good force for creators and also for Patreon.

**HOFFMAN:** Time will tell whether Jack and his team are right about this strategy. But they’ve pursued it consistently since the day Patreon was founded. Now, with over 200,000 creators on the platform, around six million patrons, and a $4B valuation, for the moment, they’re proving their critics quite wrong.

And that’s the point. There are no guarantees in entrepreneurship — except the guarantee you’ll definitely be wrong about something. But the bigger you fail, the more you stand to learn. The key is to be curious about your mistakes, and rigorous about deploying solutions. Do that, and you’ll become an Expert in Wrongness, a Master of Mistakes, a Doctor of Wrongology.

At least I think that’s what you’d call it. I could be wrong.

I’m Reid Hoffman. Thanks for listening.