NOT A CASE
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SERGE KASSARDJIAN
ELI PORTNOY
MARK TORTORELLA

Not a Case of Money vs. Power?

Rich vs. king does not apply to me. I know I will be best for my company… Rich vs. king applies for the first time entrepreneur. I am the type of person people call to be brought in as CEO when other founders are moved over.

–Jason Calacanis (2009) [1]

Summary of Major Takeaways

Jason Calacanis has a long history of founding and selling start-ups. As one of the pioneers of blogging and user generated content on the web, Jason provided many examples of the decisions that entrepreneurs face and how their companies are affected by these choices.

Jason is a big proponent of founding a company immediately and not waiting for the future. In a speech to Harvard Business School students in 1999, Jason told the audience to quit and leave school to start a company. He advised that the students should use the money they have left to spend on tuition to start a business. He believed that if an aspiring entrepreneur sees an opportunity and waits, he may miss a great business idea that someone else will potentially take advantage of. He feels that an entrepreneur should do anything in his power to start a company, by taking on debt, raising venture money or using his/her savings to start a company. Jason believes that if someone is going to eventually start a company, there is nothing better than getting experience actually starting a company. Even if the company is not successful, getting that experience will make the entrepreneur more prepared to start another venture in the future.

Hiring a mix of seasoned expertise and raw untamed talent creates organizational balance, but employees at former ventures aren't necessarily right for serial employment. This lesson is one of the more striking takeaways from Jason. A founder develops a great idea, and then brings a skilled team on board to take the idea to market and scale it, which all goes very successfully. The team is firing on all cylinders and then the company is sold for a great valuation. The founder has serial entrepreneurship in his blood, and it is time to make the next move – so where to turn for a team? Many people might look to the previous team as the logical and best choice. After all, they succeeded. But that is not how Jason Calacanis sees things. He was adamant that hiring former employees puts the new venture's culture at risk. He also worried that former teammates can have a sense of entitlement that has a divisive effect on the organization and can cripple the business idea. When it comes to building the new team, Jason does something rather unique and deliberate. He hires a mix of people with virtually no track record but

[1] Jason Calacanis, interview by author, Boston, MA, February 27, 2009.

tremendous intellectual horsepower, along with seasoned industry experts. The theory is that the young hires are hungry and malleable, and the industry experts have demonstrated success, but people in the middle do not have the benefits of either group.

Layoffs are unavoidable; Jason believes in hiring slowly to reduce the need and cutting fast, cutting once, and cutting deep to minimize the impact. Jason was forced to conduct significant layoffs at Rising Tide Studios because of overexpansion and macro-economic factors. These cuts came too late as the company almost went bankrupt and Jason had to eventually make even more drastic cuts than might have been needed if he had conducted layoffs quickly. As a result, at Weblogs, almost all hires were distributed contract workers in part to avoid the costly mistake of overexpansion and maintain flexibility. At Mahalo, Jason has again used a mostly distributed and contracted workforce and has been careful to hire slowly. When the economy began to turn, he foresaw the need to make a quick and decisive cut even though the company still had cash on hand. The key insight is that by avoiding overexpansion and firing quickly, one can extend the company's cash runway and minimize the impact on employee morale that job uncertainty can bring.

Choosing the location for a startup can be a strategic decision for the founder. It seems that when many people think about the founder's decision of where to locate, they assume it usually comes down to personal (e.g., family, familiar geography) or proximity to a key business resource, usually customers. However, Jason revealed that founders can leverage location more fully. Choosing a second-tier location where a founder is likely to siphon off highly skilled talent from another more bustling hub (e.g., Los Angeles vis-à-vis Silicon Valley) can make the venture stand out and create a virtuous cycle of being the best local startup to work for. This, coupled with taking money from a brand name VC firm can really make a venture in a second-tier location look like a diamond in the rough for the best local talent. However, this strategy is not without risk. Trying to survive and thrive on the fringes of the mainstream can backfire if talent prefers the hub. Without a stellar reputation or a highly compelling business idea, founders adopting this strategy could find themselves receiving few job applicants. The point: locate where there is access to the best talent; where it is possible to minimize the opportunity costs for the best talent; where investor brand name can be a differentiator for hiring and PR purposes; and where it is possible to be the best game in town.

When to sell is a question that is best answered from a position of power. Jason' first venture started as a roaring success with multiple suitors and opportunities to cash out. However, Jason waited to sell and the downturn in the economy eventually forced his hand. The result was a significantly lower valuation than he could have earned by selling earlier. Jason learned from his mistake and sold his second venture, Weblogs Inc., while it was still in its infancy to AOL and before it had fully hit its stride. The company continued to grow and most likely would have fetched a significantly higher valuation had Jason held on to it. To combat this pendulum of mistakes, in his third venture, Jason raised a lot more money than he needed up front. The key lesson from Jason's experience is that finding the sweet spot in the tradeoffs between selling too early and selling too late is filling up the war chest so that you make the decision to sell at the perfect moment and do not need to worry about external factors, such as the ups and downs of the economy.

Choosing investors depends on the type of business an entrepreneur is trying to build and the expected length of time it will take to develop this business. Jason knew that growing Mahalo would be a time (5+ years) and capital (hiring guides to build out search results) intensive process. He also knew that he would need to get introductions to many big media and technology companies for possible joint partnerships. As a result, Jason used his track record as a successful entrepreneur to get the most reputable venture capitalist (Mike Moritz of Sequoia Capital) and the biggest media companies (CBS and Newscorp) to invest in his business. As opposed to his previous businesses that were funded with his credit line or angel funding, Mahalo needed reputable investors that would make it easy to raise future rounds of capital and allow them to get any first meetings with potential partners. When he was building a smaller business that did not need as much capital or such partnerships, he did not need these big name investors. Jason believes that the type of investors that one ultimately chooses depends on the type of business being built.

Jason believes the "rich vs. king" argument only applies to first time entrepreneurs. Those entrepreneurs who have started companies themselves, know how to start and run a business and don't need a professional CEO to come in, especially if the previous business was successful. He feels that the "rich vs. king" argument especially does not apply to him, as he believes that he is the best person to run any of his companies. He uses his past experiences at Silicon Alley Reporter and Weblogs to show that he knows how to start, grow and sell a company, making a lot of money for the people involved in the process. He feels he has a better grasp on the company culture than anyone else, and shaping this culture is very important in developing how the company should mature. Jason said he would be open to bringing in a high profile CEO that ran a successful public media company to manage the business, but those individuals would never be available. For the people who would willingly be CEO of his businesses, he is the best skilled to do so, which ultimately will make him rich and king.

The Founder and His Choices

Background on Jason Calacanis and His Ventures

The First Venture (Silicon Alley Reporter/VentureReporter.com). In 1996, and four years removed from graduating from Fordham University,[2] Jason realized that the internet was emerging as a force in Silicon Valley. Sensing an opportunity to bring the innovation to New York he founded Rising Tide Studios, which published the Silicon Alley Reporter, a 16 page newsletter that grew to an eventual 300 page magazine. He initially financed the business using his credit card. The New York based company achieved impressive growth and eventually morphed into a full media company including multiple magazines and high-profile conferences focused on specific industries that took place in New York, Los Angeles and San Francisco. At its peak the company employed over 70 people and reached over 11 million dollars in revenue.[3]

As the euphoria surrounding all things internet subsided with the dot com bust, Jason was caught in a severe collapse:

> We went from $11.6M in revenue one year to $600k the next. From 70 full-time people to 12. From a 20,000 square foot office to subletting ten desks at a PR firm. Personally, I went from being on top of the world, with appearances on Charlie Rose, 60 Minutes, CNN, and Fox News, to being savaged in the press as a fraud who got lucky and who no one would ever hear from again. My office used to get 100-200 phone calls a day and I had two assistants. Six months later, I answered my own phone – on the rare occasions it would ring. When it did, it was either my mom calling to check in on me or a vendor calling to yell at me.[4]

[2] Jason Calacanis Linkedin Profile. http://www.linkedin.com/in/jasoncalacanis, accessed March 25, 2009.
[3] Vanessa Grigoriadis, "Silicon Alley 10003," New York Magazine, Feb 28, 2000, http://nymag.com/nymetro/news/media/internet/2285/, accessed March 25, 2009.
[4] Jason Calacanis, "What to do if your startup is about fail (or "Don't Stop Believing")," February 26, 2009, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.

Jason quickly took charge in a desperate attempt to save his business. He started by laying off employees, though he made mistakes in the process: "I cut and waited for revenue to come back–it didn't. So I cut some more and waited some more. Nothing. I did this four times and it created an environment of constant depression and fear inside the company."[5] He then changed the name of the flagship magazine to Venture Reporter and revamped the model away from an advertising based business and turned to a database subscriptions. Jason also took over the sales function as he made cold calls himself rather than employing a large sales team and met individually with customers to sell his new product, Venture Reporter.[6] His hard work was beginning to pay off but it was not without a price, as Jason recalled, *"It was the worst year of my life, but it made me who I am today."* On April 11th 2003, Jason sold the newly revamped company to Wicks Business Information (which would be bought by Dow Jones). [7]/[8] Reflecting on the decision to sell, Jason claimed,

> We looked for a buyer, because I didn't think we had much chance of making it on our own in the 2001-2002 market. I could have been wrong about that in retrospect, but either way, I'm glad I got out because it set me up for Weblogs, Inc.[9]

Jason initially remained with the company as director of entrepreneurial products. [10]

The Second Venture (Weblogs Inc.). After selling his first venture, Jason began to look for his next opportunity. He had motivations to surpass the success of his previous experience at Silicon Alley Reporter.[11] Searching for the next opportunity, he had an epiphany when he saw that the internet could eliminate 70% of the cost of traditional publishing by removing the costs associated with having editors, office space, printing and physical distribution.[12] This insight gave way to the idea of a network of niche branded web based magazines called "blogs" written by hundreds of freelance writers.

Jason did not have capital and therefore could not pay his employees. He brought in Brian Alvey as his co-founder and CTO mostly because he wanted someone to bring a technology skill-set who would work for free. However, he kept the CEO position for himself so that he would have added control over the venture. He also took angel funding from Mark Cuban, a recently minted billionaire who had founded Broadcast.com and was the owner of the National Basketball Association's Dallas Mavericks. However, Weblogs never used any of the money that Cuban had invested in the venture.[13]

Jason was mindful of the ups and downs of business so he kept the operation lean and on a tight budget. He did not rent office space and instead built a distributed workforce across the country that

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[5] Erick Schonfeld, "Email From Jason Calacanis: How To Handle Layoffs," October 22, 2008, post on blog, techcrunch.com, start-up blog, http://techcrunch.com/ accessed April 6th, 2009.
[6] Jason Calacanis, "What to do if your startup is about fail (or "Don't Stop Believing")," February 26, 2009, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.
[7] Jason Calacanis, "What to do if your startup is about fail (or "Don't Stop Believing")," February 26, 2009, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.
[8] Jason Calacanis Linkedin Profile. http://www.linkedin.com/in/jasoncalacanis, accessed March 25, 2009.
[9] Jason Calacanis, "What to do if your startup is about fail (or "Don't Stop Believing")," February 26, 2009, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.
[10] http://www.allbusiness.com/marketing/direct-marketing-direct-mail/530770-1.html
[11] Jason Calacanis, "(The) Startup Depression," September 27, 2008, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.
[12] Jason Calacanis, "Finding your startup's 'moment'," June 17, 2008, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.
[13] Jason Calacanis, "The new publishing model (or, "On Rafat, Om, Federated Media, AdBrite, and Blogads.")," June 28, 2006, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.

included 500-600 bloggers.[14] The entire operation was run on a thin budget with the company employing full-time individuals working from home, purchasing servers and hiring lots of people as freelancers. Weblogs managed to monetize using a "virtual sales force" for most of the company's existence.[15]

The initial model was to build a base of bloggers that could share infrastructure with each other that included various resources such as software, sales and marketing.[16] The idea worked and the company began to make impressive inroads. Jason created over 90 different branded blogs including Engadget.com and claimed to be earning close to one million dollars a year in revenue from Google's AdSense program alone.

Only 18 months after founding the company, Jason sold Weblogs Inc. to AOL for $30 million. One of the benefits of creating a virtual company was that upon the sale of the company, AOL/Time Warner did not have to worry about any leases that most typical companies had such as office space, computer equipment or servers.[17] This situation was so unusual for AOL that Jason said jokingly, *"when they asked for our lease I asked them if they wanted the one for my apartment."*[18]

At the time, Time Warner had been in search of a way to improve its AOL portal's advertising revenue and increase its quickly declining customer base. Jason wanted to scale the business and could do so by partnering with an internet portal such as Google, Yahoo, MSN or AOL. When AOL offered to buy the business, Jason could have a payday and also use AOL's network and infrastructure to scale the business. Upon the sale to Weblogs, Jason was back on top of the world. After the turbulence of Silicon Alley Reporter, he had managed to build and sell a company in 18 months. He explained, *"The darkest hour became the dawn, and it was glorious."*[19]

AOL and Netscape Navigator. As part of the acquisition, Jason joined AOL. Six months later he was promoted to general manager of the languishing Netscape web property. With a huge installed base of Netscape browsers pointing to Netscape.com as their homepage, the website had tremendous traffic, but had failed to capitalize on it. Jason quickly took the helm and revamped the site to allow users to submit articles and rank them. In a controversial move, Jason offered to pay top users from other sites to use Netscape.com.

Eleven months after Jason joined AOL, and shortly after CEO Jon Miller left AOL, he resigned. Jason stated that his motivation to leave was that he did not want to work under a new CEO and that Miller was *"one of the few mentors I've had in my life."* [20]

The Third Venture (Mahalo.com). After leaving AOL, Jason quickly became an Entrepreneur in Action at Sequoia Capital working on an idea for a next generation search engine. He described how this idea originally came about:

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[14] Jason Calacanis, interview by author, Boston, MA, February 27, 2009.
[15] Jason Calacanis, "The Future of Start-ups," November 11, 2008, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.
[16] Jason Calacanis, "My opinion on Google "slamming" folks for paid links," October 25, 2008, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.
[17] Jason Calacanis, "The Future of Start-ups," November 11, 2008, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.
[18] Jason Calacanis, interview by author, Boston, MA, February 27, 2009.
[19]Jason Calacanis, "(The) Startup Depression," September 27, 2008, post on blog, calacanis.com, start-up blog, http://calacanis.com/ accessed March 25, 2009.
[20] Michael Arrington, "Jason Calacanis Says Adios to AOL," November 16, 2006, post on blog, techcrunch.com, start-up blog, http://techcrunch.com/ accessed April 6th, 2009.

> As an entrepreneur you triangulate on ideas. I was working at AOL after I sold my company. They were buying search startups and I looked at them and thought that the results didn't seem better or worse than Google or Yahoo. So I asked why are these startups spending all of this time working on this if the results aren't better. So I came up with a test where I would take the top 10 links from each search engine and compare. I found that the results were okay, but nothing was beating the big ones and it wasn't enough to get people to switch. I thought we had reached a plateau and search wasn't getting better. I thought it was a huge space that was no longer advancing and so I asked myself why.[21]

Aside from targeting the search space for his next startup, Jason had two personal criteria that the idea had to conform to: 1) add value in a space that needed it 2) a tool people would use on a daily basis. He believed that an idea that met both rules would have a chance to be a billion dollar business and also have a higher likelihood of succeeding.

The epiphany for his new company came while getting ready for his destination wedding in Hawaii. As part of the wedding program, his wife had emailed all of the guests a guide with details about hotels, airlines, and things to do. Jason explained:

> I was getting ready for my wedding in Hawaii and my wife had sent an email to friends with the expensive hotels, moderate hotels, and cheap hotels and did the same for airline and beaches. The whole email looked like a results page.[22]

Realizing how superior his wife's guide to Hawaii was than what a search engine could produce, he sensed an opportunity to create a search property where the results would be generated and organized by people. The results would include guide notes, knowledge exchange, top links and questions and answers. Jason set out to create the first human powered search engine.[23]

Jason built the company in Los Angeles and hired a team of guides who created the search results manually that included hand found links. Initially, any searches that had not been created by a guide would default to Google search results. The search results would be created at a speed of how quickly Jason hired guides and how many results a guide would write. Each result was deep in content with links to various media sources. Jason aimed for the product to be a combination of a traditional search engine and user created information source similar to Wikipedia.[24]

Every results page started with a "top 7" headline that was the top 7 links for the query. Other categories on the page depended on the type of the search. For example, a person search included biography information, statistics, gossip and other relevant information. Company searches would include categories on financials, news and product releases. [25]

Choosing Investors

When Jason initially developed the idea for Mahalo, he called his close friend Mark Cuban, who immediately became an angel investor. Cuban had told Jason that he trusted him to the extent that he

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[21] Jason Calacanis, interview by author, Boston, MA, February 27, 2009.
[22] Jason Calacanis, interview by author, Boston, MA, February 27, 2009.
[23] Jason Calacanis, interview by author, Boston, MA, February 27, 2009.
[24] Mahalo Profile, via CrunchBase, www.crunchbase.com, accessed April 7, 2009.
[25] Mahalo Profile, via CrunchBase, www.crunchbase.com, accessed April 7, 2009.

would invest in Jason no matter the situation. He also sought out the two most reputable venture capitalists he knew, John Doerr of Kleiner Perkins Caufield and Beyers and Michael Moritz of Sequoia Capital. Given his previous successes, Jason had the reputation to get funding from these prominent firms. Jason estimated that Mahalo would need 5 years to generate significant revenue ($20-40M), and did not want to have to worry about raising capital. By getting capital from the most prominent venture investors in Silicon Valley, he felt that finding other investors in the future would never be difficult.

Jason chose Sequoia over Kleiner Perkins because Michael Moritz gave him a quick response and believed in the idea immediately. For the second round of financing, Jason chose strategic investors that included CBS, NewsCorp and Elon Musk. With the biggest names in Silicon Valley and media backing his start-up, Jason believed he would have unlimited access to anyone he ever wanted to meet or work with that could help Mahalo in any way. [26]

Where to Found

Jason had started Silicon Alley Reporter in New York City and Weblogs was a virtual company. He felt that Los Angeles would be a great location to find some of the best start-up talent. As one of the few Sequoia-backed companies in Los Angeles, all the smartest people in the area would want to work for Mahalo. In Silicon Valley, he felt like he would need to compete with other start-ups for the best talent, whereas in Los Angeles, Mahalo could immediately become one of the most notable 2-3 startups, drawing great people to the company.[27]

Who to Hire

Jason liked to hire a mix of people with very little experience and over ten years of experience in order to combine employees who are hungry and seasoned. He believed the combination of people with experience and those feeling the need to accomplish are a good mix. When building the team, Jason also hired a combination of athletes and specialists. He was very specific about the type of employees he hired, stating, *"10% of people should work in a startup, and of those, 10% should work for a startup run by me."*[28] Jason felt that only certain people with the right energy, right motivations and right capacity were well equipped to work at a start-up. Further, of these people, only a small subset could handle the pace and environment that he demanded at his businesses, which tended to be much more time-intensive and demanding than a typical start-up.

In addition, Jason had several rules that he had formulated over the years. He avoided hiring people from his previous companies, as he preferred that every new company also have a new culture. He felt that previous employees had a sense of entitlement and could cause subdivisions within the culture of the organization.[29] Jason also thought it best to hire slowly and fire quickly. Finally, he would not hire people with personal or self esteem issues because he did not think they are ready to take on challenges and might not work hard enough.

When to Found

Jason's perspective on when the appropriate time to found was made very clear to an assembly of Harvard Business School students in a speech he gave in 1999:

[26] Jason Calacanis, interview by author, Boston, MA, February 27, 2009.
[27] Jason Calacanis, interview by author, Boston, MA, February 27, 2009.
[28] Jason Calacanis, interview by author, Boston, MA, February 27, 2009.
[29] Jason Calacanis, interview by author, Boston, MA, February 27, 2009.

> I have one piece of advice for you: quit. Leave [HBS] tomorrow, take whatever money you have left that you would have spent on tuition, and start an Internet company. Because if you stay in school for the next two years--if, when everybody else is dreaming and innovating, you spend time on the bench, watching the game go by--you'll miss the greatest land grab, the greatest gold rush of all time, and you'll regret it for the rest of your life.[30]

Granted this perspective was influenced in part by the fervor of the late 1990's during the Internet bubble, however his feelings on the topic in 2009 are still very similar. The underlying message from Jason was that if someone is truly an entrepreneur, it is a waste of time to do anything except founding a company. He noted that fleeting market conditions – not unlike those of the Internet bubble – can be pivotal catalysts that should force people to drop what they are doing and get a company off the ground when there is a booming industry. Jason also focused on the importance of being willing to seek and take whatever financing is available to get a company started. The idea itself is all-important to him, and nourishing it soon and vigorously is critical.

Deciding Whether to Layoff Staff

In the midst of the financial crisis in October 2008, Jason Calacanis faced a counterintuitive decision. His company, Mahalo, was growing its users and building its business, but the financial turmoil that had rattled Wall Street was creating a hostile environment for even the most promising of startups. Jason had lived through the up and down cycles during his first venture and he wanted to avoid his past mistakes. Venture capital powerhouse, and Mahalo investor, Sequoia Capital had released a report predicting difficult days ahead for all startups. The slideshow, made available to all online, also implored CEOs to begin preparing their companies for a long recession by laying off anyone not critical to the venture.

Jason's startup was doing very well. The company had quickly built an audience of approximately 3.5 million unique monthly visitors.[31] It was a media darling appearing in some of the most prestigious newspapers and magazines. Users were raving about the simplicity and power of Mahalo. Jason had recently raised $21 million from top flight investors – and most of the money was still in the bank. Yet for all of the great accomplishments Jason and his team had achieved, none of it would matter if the company burned through its cash too quickly and couldn't raise more capital. Jason knew from his previous experience at Rising Tide Studios that "if you're going to do layoffs, do them once, do them quickly."32

Thinking back to his previous experience of firing too slowly and being caught without sufficient capital, Jason "set the goal for the company to reach four years of runway" because he would "rather be conservative until I know what exactly is going on in the market."[33] He therefore laid-off 6 employees, keeping 30 full-time employees and 50 freelancers on board. Jason knew how important it would be to preserve the culture that he had worked so hard to build at Mahalo and so he made sure to cut deeply enough in one round, so that subsequent rounds would not be needed.

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[30] Orvar Löfgren and Robert Willim, *Magic, Culture and the New Economy* (Oxford, UK: Berg Publishers, 2005), p. 67.
[31] Mahalo Profile, via Compere, www.compete.com, accessed April 14, 2009.
[32] Erick Schonfeld, "Email From Jason Calacanis: How To Handle Layoffs," October 22, 2008, post on blog, techcrunch.com, start-up blog, http://techcrunch.com/ accessed April 6th, 2009.
[33] Erick Schonfeld, "Email From Jason Calacanis: How To Handle Layoffs," October 22, 2008, post on blog, techcrunch.com, start-up blog, http://techcrunch.com/ accessed April 6th, 2009.

Thinking back on the layoffs, Jason wrote that "there is nothing worse than looking into the eyes of the team that you've cultivated, challenged, pushed, and won and lost with, and having to tell them that they have been cut from the team."[34] However, Jason felt confident that the company was now stronger and would be able to weather out the economic storm better than his last ventures.

Conclusion

It is still too early to tell if Jason will be successful building Mahalo and whether he will be the person to see the company through its various stages. However, he has significant capital in the bank, a strong set of investors, a large percentage of the company, and a business that is looking more and more viable everyday. He has achieved this through persistence, hard work, and by combining the experiences he has amassed over his various ventures.

Individual Implications

Serge Kassardjian

Jason's story has taught me three important lessons that I will carry with me: follow your heart, surround yourself with the right people and don't underestimate the power of new media. Jason is an internet visionary, who understood how to maximize his resources and affectively identify an opportunity with the web at the right time. He saw a platform to distribute a new kind of media content and seized it. He is one of the first people who understood the power of user-generated content and the internet as the ideal medium for this new form of media. Weblogs enabled many of today's prominent internet properties such as Wikipedia, Blogger, Facebook and Youtube, by demonstrating how to effectively distribute amateur content and the growing demand for it.

Jason always followed his passion. Silicon Alley Reporter, Weblogs and Mahalo all had an element of what he loved: editorial content. At heart he is a reporter, as evidenced by his love of blogging and his highly opinionated nature. When he was at AOL, his job was no longer enjoyable, so he immediately quit a seemingly prestigious and lucrative position to follow something he was more interested in. Such actions show me that as the cliché says, "life is too short," and that I should be pursuing the opportunities that I would most enjoy in the moment. Jason's passion for his work is clear when we spoke with him, and I can only hope to have the same love for my career as he does. I ultimately believe if this passion exists, I will be successful in whatever I try. Also, more importantly, I will be excited to go to work on a daily basis.

Jason surrounded himself with some of the brightest and most successful people he could find. His relationship with Mark Cuban has given him credibility and a source of capital. Cuban was an early web innovator and an influential figure in Jason's life. Jason speaks highly of Jon Miller, his mentor at AOL, who has been a visionary in the digital media space. He also mentions his strong relationship with Mike Moritz of Sequoia Capital, who has a reputation as one of the most successful technology (specifically internet) venture capitalists in the world. I believe these people have shaped the way Calacanis thinks and runs his business. Their influence has helped him grow as a person and business man. As I move forward with my career, I will make an effort to work and interact with as many successful people as possible, especially those individuals who have been leaders in the industries that I am interested in. I realize that these people will provide me mentorship, introduce me to other people who will be beneficial to my career and ultimately be people I can work with in the future to start my own business.

[34] Erick Schonfeld, "Email From Jason Calacanis: How To Handle Layoffs," October 22, 2008, post on blog, techcrunch.com, start-up blog, http://techcrunch.com/ accessed April 6th, 2009.

Jason's start-ups have shown me an important lesson in the industry that I am most interested in, media. Silicon Valley and Hollywood are converging every day, and digital media and the web are influencing how big media companies are introducing new content and shaping their strategy going forward. As it relates to my career, this new media is a huge area of opportunity that has just begun to evolve. Jason's companies all showed the power of the web to distribute content that previously was not read or even thought relevant. He found a way to increase the amount of information that was created and consumed. Seeing success stories such as Jason Calacanis makes me want to start a new media company and also shows me that this industry is still very much nascent and ripe with opportunity. We are at an amazing time now, when in some ways, anyone can start a media publication or company and if the content is compelling, it will ultimately be successful. I hope to one day to be in Jason's position to have the right new media idea and take Jason's advice to start a company immediately.

Eli Portnoy

Speaking, reading, and thinking about Jason has been a highly reflective experience that has helped me frame some of the founder issues that I have recently been dealing with. Jason's early career reminds me of my previous entrepreneurial ventures, so hearing his perspective and seeing his ultimate success has been incredibly inspiring and energizing. Prior to business school, I founded a company that had positive momentum and was doing well, only to be rocked by macro-economic changes that altered the business landscape under which it operated. My experience is in many ways similar to Jason's founding Rising Tide Studios, but Jason did not react by taking the "easy" route out. He did not attend business school or accept a position at an established corporation; rather, Jason immediately started another company. Jason took the lemons of startup life and with them created the opportunity that ultimately resulted in his founding Weblogs, Inc. I learned from Jason that being pushed just means that you are now moving, and it is up to you to make sure the direction is forward. Learning from his mistakes and unwilling to allow the economy to get in the way of his unwavering passion, Jason pushed forward. His commitment to entrepreneurialism has rejuvenated me and I am now committed to making sure that I do start another company.

The decisions Jason made at his subsequent ventures also highlighted an important implication for me. He not only moved forward, but he learned from his mistakes. He was introspective and perceptive, and he tried very hard not to commit the same mistakes twice. He may have sold Weblogs, Inc. too early, but that is a better scenario than selling it too late, as was the case at Rising Tide Studios. For his third venture, he raised enough money that neither should be a problem. Following Jason's example, I have started to write down introspective thoughts on my past experiences, highlighting my mistakes and my achievements, and trying to formulate rules that will guide me in my next venture.

Jason's handling of the economy also has taught me a lesson that I will use in the future. The economy is unpredictable, and in the context of a startup, it can kill your business and your drive if you are not well prepared. This is reason enough to raise more money than is immediately needed, as Jason clearly did at Weblogs, Inc. and Mahalo. For my next venture, I will put considerable effort into raising sufficient funds to insulate from the swings of the economy.

The most important personal reflection that I took away from Jason was his unyielding passion to start and manage his companies. There was nothing, not personal nor professional, that was going to stand in his way. A big issue that I have been grappling with lately is whether I have the fortitude and resistance to start another company. Jason has reminded me that the startup world is a turbulent environment where the only mantra is that the founder must push forward. Jason energized me and helped me think deeply about the underlying causes that were driving me into a more conservative career track. In the end, I think Jason's perspective has enabled me to see that previous experiences, whether huge successes or catastrophic failures, are a fantastic foundation upon which to build a next startup. Jason exemplifies the notion that it is not whether one fails or succeeds but how he deals with that failure or success.

Mark Tortorella

Hearing Jason's perspective on being a founder and pursuing entrepreneurship made me reflect deeply on my own personal situation. I have always held the belief that entrepreneurs need to wait for the perfect confluence of the "right" idea, the "right" family situation, the "right" team, and the "right" mix of many other variables. I think Jason's take on that opinion would be the following: toss it out the window, drop whatever you're doing, get your hands dirty and just go do it; if you're really an entrepreneur then you have no choice but to do it now; no confluence of "right" factors is every going to happen on its own – you have to make the opportunity, and do it now. Thinking about starting a venture in this light is refreshing and scary for me, but I now better understand the risk of not doing something sooner rather than later.

Along these lines, Jason also made me think about the value of being scrappy. He continually does things in nontraditional ways because he recognizes windows of opportunity where the standard approach might be slow or ineffective. This made me think that entrepreneurship is not just about innovating with products or services, but also innovating organizationally, in recruiting talent, in choosing where to found, in figuring out when to lay people off and how etc. He seems to think of everything through the lens of how to do things better. I think there's a real risk that founders come up with an innovative product or service and then go about building a business from a textbook, which is somewhat paradoxical. When I go to found, I will now think more about each decision and how I can employ entrepreneurial principles where I otherwise might have gone with a textbook approach.

Another personal takeaway for me was to project confidence. If there's one thing Jason is good at, it's being a confident person. My nature is to dissect ideas, break them down and see if I can put the pieces back together and still believe in the idea. I do this to a fault. Too much analysis and counter-thesis stress testing can degrade a person's fundamental confidence in the idea. Everything has risks, and if you dwell on the risks and not the upside it's sure to wear down confidence – and based on my perception of Jason and his success, it's confidence that is his "secret sauce" when it comes to building credibility with top investors, attracting high quality teammates and engaging customers. Jason's personality definitely opened my eyes to finding the right balance between healthy skepticism and an I-will-win attitude. Building and sustaining a "brand" as an entrepreneur is important, and confidence is a central part of that process.

I find it fascinating that I came away from this project with both a greater appreciation for founder confidence and my next takeaway – expect failure. The two seem somewhat at odds on the surface. The insight comes from the fact that at Jason's first venture, Silicon Alley Reporter, things got very difficult towards the end. Jason had a great business model, but the market turned against him and there was nothing he could do about it. I think by expecting bad things to happen, it's possible to weave a strong set of hedges and contingencies into the business and planning processes. But maybe more importantly, I believe it's possible to come to a level of psychological and emotional comfort with something that is arguably inevitable.

My last personal insight is the one that's closest to my own heart, and that's the importance of family and having one's family on board with the founder journey. While Jason didn't really get into his family dynamic too much with us, he did reveal once thing that truly sparked my thinking. It was his wife that inspired his idea for Mahalo.com. The area I wrestle with most when it comes to entrepreneurship is the issue of family buy-in, and I thought, what an amazing way to make your loved ones feel excited and emotionally invested in an idea – empower them with a voice to influence the idea. When people feel like they have contributed intellectual capital to an idea, I believe they are far more likely to root for success and stay positive more generally. They key point for me is to simply listen – listen to concerns, figure out where the core anxiety is generated, give family a voice and a stake. And who knows, I just might find the next big idea in the process of hearing them out!