

A story of startup failure... and success.



THE SAN FRANCISCO FALLACY

Why everything they told you is wrong.

By serial entrepreneur and venture capitalist
JONATHAN SIEGEL
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The San Francisco Fallacy

Jonathan Siegel and Colin Murphy

This book is for sale at <http://leanpub.com/thesanfranciscofallacy>

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A Minimum Viable Book

You're probably here because you've been asked to read this - a work in progress. Like a lean business, I'm testing this book on its market chapter by chapter. I'd like to hear what you think - broad comments and the details.

I aim to have the full book available here by the end of the year. You, an early adopter, will have access to each update. And you'll be able to contribute to the development process with your feedback.

Thank you,

Jonathan

The San Francisco Fallacy

Why does everyone want to be in San Francisco?

I've lived and worked in San Francisco. It's a beautiful city and a great place to party. But it's a lousy city to build startups in. My businesses have been built out of Las Vegas, Santa Barbara, Ireland and Poland. Each, at the time, was cheaper than San Francisco and had more available talent.

I'm in the process of building a team in Vegas. It has 15 per cent unemployment, a good supply of graduates, a great pipeline of experienced sales people, the cost of living is low and there is an endless supply of cheap property. (The entertainment's also pretty good.) Meanwhile, in San Francisco, people are throwing fruit at the Facebook bus...

What does this tell us? Techies are a molly-coddled bunch. As much as we like our outsider image, we like our Google sofas and juice bars better. Every startup founder likes to think of himself as a pioneer, out on the range, even as he sits with his Macbook over a flat white in a downtown coffee shop.

San Francisco is a nice place to live - but nice rarely counts on the bottom line. So why are so many tech companies basing themselves there? Because it feels good to be amongst your peers. It's reassuring. It can even feel exciting. It feels good to be part of a thing. This is only human. But it's bad business.

Tech companies - particularly startups - are allowing their herd instincts to blunt their business sense. That's precisely what happens in a bubble. It's groupthink.

The San Francisco Fallacy is emblematic of this. This book isn't about San Francisco - it's about the fallacies that run through startup culture. (I was going to call it The Startup Fallacy, but that seemed a bit obtuse.) The San Francisco Fallacy shows that a group that like to think of themselves as outsiders and outliers are often prey to the same pathologies as the mainstream. The San Francisco Fallacy warns us to beware groupthink. Force yourself to step outside the group. Question everything.

I was in business by the age of 13 and launched my first tech startup at 16. I've launched a series of startups since. Many of them failed, but enough of them succeeded (including multiple eight-figure exits). I mentor startups, advise VC firms and currently specialize in buying early-stage startups, bringing them to market, and scaling them.

Along the way, I've fallen victim to a series of misconceptions and common errors that bedevil startup culture, and have managed to sidestep or surmount others. Fallacies, I call them - like the San Francisco Fallacy. This books tells that story.

It all starts, of course, with my father.