

**Matteo Franceschetti Intro:** [00:00:00] I always tell my executive, your job as an executive is not to be loved. Your job is to help your people achieve more than what they believe it was possible. The most important thing is people should always know what you think of their performance. I will not take a meeting with anyone in the company if I don't get an agenda slash memo. I run all the interviews with the same playbook. I go through each of your previous jobs and I ask you five questions.

**Scarlett 2i2 USB:** This is 20 VC with me, Harry Stebbings. Early stage founders, hiring teams. This is going to be the most vulnerable podcast you've ever listened to in this show. Our guest breeze down step by step their hiring process, the specific questions they ask. The best and worst responses and so much more, really as one for a notebook because it's very granular and detailed.

Joining me is Madera. Frances chatty. knew I was going to get that one wrong, but just roll with it. Harry co-founder and CEO of eight sleep, a company dedicated to fueling human potential through optimal sleep. Now to date materials raised over \$160 [00:01:00] million to the business from the lights of our friend, Keith Rabois at founders fund Ryan Peterson at FlexPod Navarro Ravit, can Kevin Hart, a rod and many more people.

**Scarlett 2i2 USB-1:** But before we move into the show, today.

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**Morgan Freeman Intro:** You have now arrived at your destination.

**Harry Stebbings:** Mateo, I am so excited for this. It's so nice to do this in person, so welcome to London.

**Matteo Franceschetti:** Yeah, thank you for having me, and I'm excited to be here. I want to

**Harry Stebbings:** start with, we look at Eight Sleep now, it's this incredible brand, it's this incredible movement. Let's go back to the beginning. Why did you decide this was the problem you wanted to spend many decades of your life working on?

**Matteo Franceschetti:** Yeah. So when I was a teenager, I was an athlete, I was playing tennis and doing a bunch of other sports at competitive level. So I have always been in recovery. And so around 10 years ago, I started thinking why Elon Musk is taking me to Mars, but I still spend a third of my life on a piece of dumb foam, right?

We have technology in two thirds of our life. And then you suddenly go to sleep and you pretend to wake up eight hours later, fully refreshed. That didn't make sense to me. And so that is when I started looking into sleep and decided to fix it. Carl, it's

**Harry Stebbings:** such a big problem to take hold of. What was your next subsequent step, like, I'm gonna fix sleep.

What was the first [00:05:00] prototype

**Matteo Franceschetti:** Just walk me through that. So, two thoughts. The first one is why there is no technology enhancing my sleep. And that is what we are doing. Then, even if I can compress your sleep, because I believe we will compress your sleep over time, so you might be able to sleep only six hours and get more rest than when you were sleeping eight hours.

Six hours is still a lot of time for people like you and I. And so I started thinking, what else can we do? And then I started thinking, oh, we can save your life. We should use those six hours to scan your body and become the number one platform for

health. You're standing still, flat, on the surface for six hours.

We have a lot of space. How can we keep adding sensors to really become the preventative health platform? we are already working on technologies for body scanning. We want to detect cancer. In the future, by using some of these technologies. So think of, almost of an MRI.

It will not be an MRI technology, because obviously you cannot have it in the home. But we're working on that kind of thing in our R& D lab. I

**Harry Stebbings:** absolutely love it, and I totally agree with you in terms of six hours flat. [00:06:00]

**Matteo Franceschetti:** It's still a lot of time, and so, how do I use it?

**Harry Stebbings:** question for you, I saw this Jensen Huang comment the other day about NVIDIA, and he said, If I'd known how hard it was going to be, I would never have done it. I saw that tweet. I was quite saddened by it. I was like, no, you're my hero and I want to hear the inspiration. I share it with my co founders.

**Matteo Franceschetti:** Yeah.

**Harry Stebbings:** Is it the same

**Matteo Franceschetti:** for you? 100%. If I knew what we would have to go through. I don't think any human being would do that. You need to be naive, and you need to believe that it's 100x easier, and then you need to have the stamina while shit comes to handle it.

**Harry Stebbings:** What was the hardest thing? When you look back and you're like, Oh my God, I can't believe we went through that.

**Matteo Franceschetti:** What was that? So many things. I would say there are two major buckets. It's one hardware. So I tell you this story that very few people know, but it was immediately after YC, right? We just closed YC, we had our seed round, so that part was, was going well. But what was not happening was manufacturing. We didn't have any expertise in manufacturing, right?

So we were really naive. And so at a certain point, I [00:07:00] go to my wife, Alexandra, who is one of the co founders, and I say, look, manufacturing is not happening. I need to go and fix it. And she says, oh, okay. And so what do you do? Oh, I'm flying to China. And she says, when? Tomorrow. And she says, when do you come back?

Once I have fixed it. And so I came back a few months later after being there. Sorry, and she

**Harry Stebbings:** was okay with that? I mean, that's not a normal

**Matteo Franceschetti:** thing. My wife is, you have to do what you have to do, right? And particularly for the company. if the company needs this, you have to go to China, go to China, fix it, and then come back.

That is how it works in our

**Harry Stebbings:** family. My word, that's patience, my friend. Class, was that seed round easy to raise? Respectfully, you weren't like Silicon Valley, Stripe. a software engineer, and you were fixing hardware, not a popular investor category, and like sleep, not an obvious category that investors invest in.

Was it an easy seed round to raise? Yes,

**Matteo Franceschetti:** and I don't say yes easily because a lot of our rounds have been very, very, very difficult. The advantage we had at the time is that hardware was really [00:08:00] hot at the time. There were a lot of campaigns on Indiegogo and other platforms. And so a lot of investors immediately after YC, because we already sold 6, units in pre orders, we were one of the hottest.

YC startup at the time. But that almost didn't happen anymore. So after that, actually, hardware became something that very few investors like in the valley, because it's very complicated. It requires a lot of capital is very easy to screw up. And so after that, it became much harder. Do you

**Harry Stebbings:** think investors are justified in their hatred of hardware?

They

**Matteo Franceschetti:** are justified 98 percent of the times. But I think if you find the right company and the right team, no, because, I mean, look at Tesla and Apple, they are hardware companies. So, if you want to build trillion dollar businesses, hardware works. It's really, really

**Harry Stebbings:** hard to get there. So when you are analyzing, I'm now purely using this for my investing business, when you're analyzing a hardware startup and you're looking at the team, what is it that you want to see?

Is it, hey, you've been in manufacturing before, you know how the sausage [00:09:00] is made, and you can build product? Like, is naivety good in building

**Matteo Franceschetti:** hardware? Number one thing you really want to analyze is how much they understand their unit economics. Meaning, as a company, we have been in trouble a bunch of times until when we really fix our unit economics.

if those unit economics don't work, the faster you grow, the more you lose money. And then out there you can have returns, replacements, so there are a lot of different factors, it's a very complicated business. And so you really need to understand, okay, do the unit economics work in this business or not?

**Harry Stebbings:** So when we say about the unit economics, is that in terms of like, your bill of materials, which is obviously the cost it is to create the goods, how do you break down unit econ, because you've got also... Yeah. That's my acquisition by channel. Yeah.

Yeah. LTV, I guess, is a different thing. Yeah. Yeah.

**Matteo Franceschetti:** Yeah. It is a great question. You almost need your PNL at the unit basis. And so, okay, what is your gross margin, which comes after the BOM and the COGS, right? And what is included? And after that, that needs to really be above 50%. Above 50%? Yes. And probably [00:10:00] best is 55, 60.

Okay. And then after that, you need to have. Obviously, you have CAC, you have a credit card, you have returns and replacements, you have all that. And then, okay, what is your contribution margin?

What would you say CAC is?

Yeah, I think for great companies, I know our CAC is really, really good. It needs to be below 20 percent of the price, But a lot of companies, you will start seeing they are 30, 40, 50. And the reason is they postpone the payback period, So a lot of companies, they will tell you, okay, I don't know my Gross margin is 30 percent and then I spend 40 percent because then I have a subscription and in 12 months I get the payback.

That most of the times doesn't work. And the reason is, substantially you need to have enough cash for 12 months to cover that delta in the CAC. While instead at 8 sleep we have an immediate margin on day 0. So, the more you sell, the more cash flow you generate, and you become profitable. And we have been profitable for two quarters now.

**Harry Stebbings:** Can you take me to a time when unit economics was off, and what you [00:11:00] learned from that? I can,

**Matteo Franceschetti:** I can talk about that for, for hours.

Yes, there was a time where our gross margin was half of what it is now, and our CAC was 2x what it was now.

we were airshipping units because of the demand. And so air shipping for a product like ours, which is fairly big, is extremely expensive. And so our units were upside down. And so what happens is you keep selling and you keep growing, but it becomes a vanity metric because you're really burning cash for every unit that you sell.

And so that is the moment where if there is, I don't know, a recession or the market slows down, you're in real trouble because you can't raise. This is the typical example of growth at any cost. We just want to grow. Yeah, we are growing 3x year over year, but at what cost?

**Harry Stebbings:** The hard thing is you can also justify it in your head by saying, well, we can sell ancillary products to those existing customers.

Yeah, this

**Matteo Franceschetti:** is always, oh, and then I will reduce the bomb and the cogs and then things will change. Things will not change. What you need to do is. [00:12:00] You stop, step back, and you say, Now I take a hard decision, and I change the price, and I make this thing work, and I set a cap to our CAC, which is what I did.

Then you take a hit, because growth stops. For some time you just need to believe in your team that within six months you're gonna fix it and you start growing again it's a shocking time. I can't tell you.

**Harry Stebbings:** How do you think about setting a cap to your CAC? CAC obviously is customer acquisition plus how much it costs to acquire a customer.

How did you approach setting a cap to that? It's a very hard thing to do. Yeah,

**Matteo Franceschetti:** so did you do it by channel? No, you start blended At least we started by and I came up with a hard number and I think from now on



we don't spend a penny about this cock. I don't care about what anything that is happening in the world.

This is our cock. Why? first, an internal decision, right? But I tried to base it on a couple of things. First. Okay. The top companies in the world, what is their marketing budget compared to their revenue? So you try to find the proxy, What is the CAC [00:13:00] that I can afford to have this contribution margin?

And so you almost go top down. If I want to have 20 percent net margin on day zero, this is the CAC I can afford. And so you go to your marketing team and at the beginning they will complain this is absurd, it will never work, growth will fall apart, but it fall apart, I give you six months and then you need to start growing again because you need to figure out channels that work at this CAC.

And we have done this two times. And it worked every time. Do you think

**Harry Stebbings:** marketing teams are ready for that? They've been so trained on a world of free cash that just brand marketing, this, this, this, this. I don't feel they're mentally ready.

**Matteo Franceschetti:** You know what is the biggest issue often? And it happened to us twice.

I'm the king of mistakes. I can talk about any mistake. But then where you struggle the most is with executives. So you can find executives that have been at previous companies and they grew them, but it was a different time in the market where it was growth at all costs.

If you go to those executives and they're used to spend, I don't know, a hundred bucks and now you tell them you need to do it [00:14:00] with fifty, within three months they're going to quit. Because they think this is unreasonable, this will never work. You need to reach this scale before you can start thinking about optimizing.

You need the economics and all that. And at the end of the day, it's all bullshit. No, you do it since day one. You build a business that is here to stay. You make it profitable and you figure it out. By forcing my team, with this structure, we were able to unlock channels that we were not using at the time.

And now we can deploy millions of dollars in these channels at an extremely efficient cac.



**Harry Stebbings:** which channels were you deploying heavily into, which were wasted, which were not useful?

**Matteo Franceschetti:** There are a couple. More than anything, I would say the typical mistake you do during those days is you just deploy on the digital channels, right? okay. Let me put money on Google and Facebook. If it was that simple everyone it would be building a billion dollar business just by putting money on on Facebook and Google because it would become a commodity and so what we did is we change our velocity and pace in [00:15:00] testing different ads on all these platforms and so our Facebook or Google CAC now is like 75 percent lower than what it used to be two years ago.

75%. So it's massive. The blended CAC is around 50 percent lower. So this is the fourth year in a row where the company keeps growing and we're growing really fast and the CAC is at the lowest it has ever been

**Harry Stebbings:** So how do you use velocity to lower CAC? I know it's one of the principles that you'll get into, but how do you use velocity to lower CAC so much?

**Matteo Franceschetti:** Testing. So for Facebook and Google and the other, particularly for Facebook, you test a lot of different assets. So the velocity of assets

**Harry Stebbings:** matter. And when you say assets, you're saying kind of imagery, wording, messaging.

**Matteo Franceschetti:** Exactly. And so if before we were doing one test every two weeks, now maybe we do five a week.

And so you learn way faster. And then we unlock other channels that could be podcasts, right? We invest quite a bit in podcasts. We work with influencers. We started some marketing campaigns, so we have sponsor Mercedes F one. So we call it the rule of the seven touch points. is [00:16:00] another rule I came up with, which is substantially you want to Hm.

Surround your customers and you want them to see your brand seven times before they pull the trigger. Our purchase is not an impulsive purchase, right? It's around 2,000 bucks. it's not that they are going to see this product and they just buy it. And so you want them to see your brand seven times or you want them to hear about your brand seven times through friends.

So word of mouth is really important

**Harry Stebbings:** for us. I get that in terms of the seven touchpoints. The hard thing is data attribution, you see them on the car when I'm in the gym, and they have the TV on in the gym. You don't know that I've seen that. How do you think about channels where there's no attribution, and you're really quite blind on data?

**Matteo Franceschetti:** Most of our channels, except a few, Brand marketing initiatives, they have attribution, right? The point is attribution will never be perfect, but there is where you just look at the portfolio, the blended cack, and then there is no debate.

How much did we spend? How much did we make? What is the percentage?

**Harry Stebbings:** which channel have you been

**Matteo Franceschetti:** most surprised by? I mean, for us specifically, word of mouth is the most [00:17:00] incredible, right? Because you start having 30 40 percent of the revenue just coming through word of mouth. And that is insane. At our scale is a lot of money.

So that is the biggest. And then I would say there are certain channels that work like, for example, podcast could be one is not a channel that works for every brand. So here is another mistake. I think a lot of Not our investors, but there are a lot of investors that they always push you to reduce prices, Our investors they're almost the opposite. And the reason why I think is wrong to just be obsessed with price reduction and time is often your cac will not change. Linearly with the price, meaning if you reduce the price of our product by 20 percent the cac is not going to go down 20%. So what you need to do is keep that price, add value, but don't change it because our cac is already so efficient that is extremely hard to move it down. the key is keep cut consistent and just find ways to generate more value and more margin.

**Harry Stebbings:** What have been your biggest lessons on pricing? You said it's a [00:18:00] 2, 000 purchase. It's a very considered purchase.

**Matteo Franceschetti:** Probably this one that whenever people, if I talk to investors or even for future rounds and they start talking about, oh, but why don't you reduce the price to accelerate growth? I just disagree.

And because I don't think CAC will change. And so if anything, yeah, maybe there is a portfolio strategy where you have a cheaper product, but you have the current one and also more expensive. But I don't think sometimes people are sophisticated enough to understand the relationship with the CAC.

**Harry Stebbings:** Can I ask you a weird question?

2,000 what would happen if you made it 4,000? Have you done price experiments to understand demand

**Matteo Franceschetti:** sensitivity? This is actually the perfect question, and I can tell you it wouldn't change too much. actually going up with prices sometimes is very beneficial for a company like us, and we just did it because when we had to readjust our unit economics, we had to increase prices.

We did it in 2021. And the impact was minimal. And so one interesting thing for you to know is sometimes I talk to different people about this topic. And so when I want to talk about [00:19:00] pricing, I talk to Italian, very successful companies that have been profitable since day one. I don't talk to many Silicon Valley guys.

And the reason is these guys, they built, I don't know, one of our investors is the founder of a major fitness company in Italy, right? They make almost a billion dollars in revenue. So big business, right? These guys started the company 30 years ago and never raised a penny until when they went public.

Blah, blah, blah. And so I talk to these guys because this guy is selling fitness equipment for 10K with a profitable business that generates 70 million in cash every year. And so I want to talk to him because he knows how to make the bottom line work, not the top line.

**Harry Stebbings:** I was speaking to someone at Chanel the other day and they raise prices 11 percent twice a year and they see increased demand.

Yeah.

**Matteo Franceschetti:** because it becomes way more aspirational. And people think correctly that if you raise the price, the quality is higher than other competitors. So you don't want to get in the price war. Once you get in a price war with a physical. Good, you're in [00:20:00] real trouble, because then the business will not work.

**Harry Stebbings:** We're gonna get to principles. I do just have to ask, you mentioned the rounds being hard to raise. It's never a straight line. What was the hardest round to raise when you revert back? The A is a series A.

Why was that so hard to raise?

**Matteo Franceschetti:** at the time, we were receiving a term sheet, but part of our business at the time was also licensing our technology to some mattress manufacturers, it was a sort of Intel inside concept. And so there was this investor who already invested in the seed.

They were interested in leading the A, but part of the investment was subject to signing an LOI, was one of the largest mattress guys in the world. And then these guys, they call me and they say, we're out, the mattress guys. We decided not to move forward. I had to call the investor and the investor said, Matteo, I told you, you know, this was a key for a key thing for me.

So we're out too. And he was super fair, meaning I knew that that would happen. Are you not a bit

**Harry Stebbings:** like, fuck you, and I mean that in the nicest way, but it's like, believe in [00:21:00] me. Like, why do you need an LOI? It's a Series A, like we're not at the DE stage. Where's your belief in me and the vision?

**Matteo Franceschetti:** Yes, but they have always been upfront that that, for them, was really important, right? That the B2B business, they didn't believe in the B2C part. I immediately understood. But I still remember very clearly me and one of my co founders, Max.

Max smokes, I don't. and so we were downstairs, in front of our office with Max smoking and talking about how much runway we had and that we had a couple of weeks to fix it or we were in trouble.

**Harry Stebbings:** A couple of weeks to fix it? Yeah. Who came in and

**Matteo Franceschetti:** led the A in the end? There was another investor that we had called, um, Yunchis.

He's a very large investor. They helped us with China to create the manufacturing. So we went through all that, and then Keith led with Cosla, and then Funders Fund, and then Valor.

**Harry Stebbings:** there was like a plateau in 8's history, in my mind, in terms of brand perception.

And then it suddenly ramped. Yeah. And I don't know why it suddenly ramped. Why was that [00:22:00] for?

**Matteo Franceschetti:** So when Keith led the round with KV, with Kozlo, that is when we really rethought many things, including the brand, We rebranded completely and we created this concept of slip fitness. We decided to go up with prices and premium positioning, We created the pod, right? So the current product that is 100 percent of our revenue launched literally four years ago to 2019. So this thing went from zero to hundreds of millions in revenue in four years, which in hardware is really rare. but the previous products were completely discontinued.

And so if you look at the companies like that, Were you scared to do that?

**Harry Stebbings:** It's a big decision to continue. Yes,

**Matteo Franceschetti:** but at the same time, we wanted to play bold. I think having people like KV and Keith and there was also Deleon behind your back and supporting bold decisions gives you a lot of confidence, Because it's not, Oh, I'm, am I smoking something about this vision? No. If these people believe it, People are

**Harry Stebbings:** like, you know, do investors [00:23:00] really add value? They really add value. Did having Keith KV subsequently found this fund, did that change your ability to hire? Do you think? Yes.

**Matteo Franceschetti:** And maybe it's not a hundred percent, but I think there are multiple gems that we have in the company that join because you have these people behind.

And so they just. Say, okay, this vision must be real if these people are behind these guys.

**Harry Stebbings:** So you think investor brand really does matter? Yes.

**Matteo Franceschetti:** I know for sure. Meaning some people apply to us because maybe they saw a tweet from Keith or some others applied or they joined because they knew that Kozla, Keith, Van der Veen, Valor and Antonio invested.

**Harry Stebbings:** When you revert back to like the fundraising journey, is there anything you know now that you wish you'd known then? Where you'd advise founders having been through all that you've been through? Yes.

**Matteo Franceschetti:** Sometimes you just think about the firm meaning, oh, uh, let me try to talk to funder fund to see if you can raise.

But if you have a very bold vision [00:24:00] and a very contrarian view of how the world will look, right? And so you really need to talk to the right. Person in the firm and usually is senior partners or people that know fully understand what you're trying to do. And the other big thing is this. If you look at our history, right, we have some of the greatest investors, right? We have Keith. We have no. Cosla Ventures, we have Founders Fund, Stray Stevens, we have Valor with Antonio Gracias, right?

And what I realized is not a coincidence, hundreds of people passed on us, but not these guys. And the reason is these guys, they have a vision that Someone will master sleep. Technology will dominate sleep at a certain point. So I don't have to convince them on that, right? If you talk to Keith, he already knows.

He has been talking about this for 10 years. And so I don't have to convince him that technology can enhance your sleep and there will be a trillion dollar business in the space. At that point, it's a matter for these investors just to understand, are you the right team to do it or is there someone that is better?

Well, [00:25:00] instead, when you talk to some other investors, They don't have this belief of how the world will change. And I have to convince them that this will happen.

**Harry Stebbings:** I do sympathize because I totally agree with you in terms of you don't want to educate the investor when you're educating investors It's just it's too hard to sell and I buy the long term vision and I see that But then you also have to be grounded in reality and grounded in unity con and aware of ancillary products Yeah, without expanding LTVs and that's where I think the dislocation can happen Yeah,

**Matteo Franceschetti:** but I think some of the greatest investors if they believe in you as a team, they know you We'll fix it.

Fixing unit economics is possible, it's human. hard work of, you know, operational excellence. And so you just need to hire the best people and you will do that. Yeah. But will the world change and adopt a technology that

improves sleep? Yes or no? That is something that they just need to have a gut feeling.

**Harry Stebbings:** Okay, I want to discuss the principles, because we kind of touched on them a little bit. You mentioned operational excellence there. I just want to start on [00:26:00] the first one. And by the way, these are the principles of world class execution.

Yep. Expecting a book coming out soon, I hope. Clarity of thinking, Matteo. What does that mean to you? And how do you try and make your clarity of thinking as optimal as possible?

**Matteo Franceschetti:** it's something I'm really obsessed about. first, the best way to develop clarity of thinking is writing, right?

You need to write once you start writing your thoughts, you understand there are many things that are not clear or that you still don't know you didn't develop. But clarity of thinking is this ability to distill in very few words a complicated concept. There is an area where I challenge my team and myself a lot, because are you supporting your thinking with data?

second what is the clear outcome? Sometimes people are, if they don't have clarity of thinking, they can write something that is very confusing, it's not data driven, and you don't get to the end point. And so it's just a matter of practice. And you see people like Paul Graham or Keith or Boyce, right?

They are some of the greatest at expressing a very complicated concept with few words in something that, I call it the grandma [00:27:00] rule. Why is something that my grandma couldn't understand? Sometimes, you know, my team writes me something and it's extremely complicated and I just say, okay, can you explain this to my grandma?

It's

**Harry Stebbings:** a really hard one, I think, for you in terms of, like, the grandma rule and where you position the brand, because you want this, like, we turn everyone into a superhuman, but you don't want it to be too aspirational that it's out of reach. Do you see what I mean? How do you make something accessible, but

**Matteo Franceschetti:** aspirational?



For aspirational, you use images, right? And you try to position very premium. Something that you really dream of. But in terms of words and the value proposition and the benefit, you need to be very simple. And so there I always think of you having dinner with a friend tonight. How are you going to explain my product?

And there is where now we keep tweaking and tweaking and tweaking to help you pitch our product tonight.

**Harry Stebbings:** Why do you think people make mistakes on clarity

**Matteo Franceschetti:** of thought? Because they didn't think enough. They believe they have a thought, but they didn't develop it properly and they don't have enough data to support it.

So they're confused. At the end of the day, the opposite of clarity of thinking [00:28:00] is confusion. you have a blurred concept that you're unable to express. Oh, we want to try this channel. Why? And why? And why? No, the five whys. Keep going deeper and deeper and deeper. And do we need to test it now? Think of this, right? They, it just happened, right? They were suggesting, okay, let's test these other channels. My point is, why? Right? It was in an international market. We didn't test it in the US. Why would we go there? Oh, because then we, I don't know, we can grow faster. But can we grow faster with all the current channels and just kill them more?

Yeah, maybe. And did you spend enough in these channels? And do you already know that there is no margin for incremental cack? you keep making questions. as a team, you need to help each other, meaning you will never start with clarity of thinking in anything. So I need help myself. This is just an example where as a group.

We develop our clarity of thinking, but after you debate this, write it down and send me a blurb or a one pager about this topic.

**Harry Stebbings:** Mine is like focus. I always tell people like, write a list of the top three and then just start from one. And then also it's like, [00:29:00] understand what success is in each. I find so many people try things and it's like, I don't know if it's actually what we thought it would be.

And it's like, well, what did you want to achieve? I don't know. We didn't set that. how do we know whether we should keep going?

**Matteo Franceschetti:** is a great point. The other way is, yeah, maybe this increases your revenue, this new channel. But is there a faster and simpler way to achieve the same that works for now?

Sometimes people come to me and they just give me one option. I suggest we do A. doesn't matter if I'm in favor or against A, I never like to see one option. I want to see multiple options, and you tell me why we are not pursuing the others, and we are pursuing these. I want a picture, a portfolio.

pick one based on impact and effort.

**Harry Stebbings:** I get you, but I also want speed of execution. And so I quite like it when someone says, Hey, I analyzed all the options, and I realized that actually this is the most efficient. Are you okay for me to proceed? I like that because the speed of execution means I don't have to go, Oh, well, we've got five, we should debate.

Well, I disagree with that one, actually. Yeah.

**Matteo Franceschetti:** For us, everything happens in writing async. So we don't lose time. Write it down. Just say, oh, I analyze five options, I [00:30:00] recommend option C. Cool. Can I read it? I read fairly fast. And within literally five minutes, I can give you thumbs up, thumbs down. And even async, we don't even need to jump on a call if we're not in the same place.

**Harry Stebbings:** Do you find you lose tone? Like I have with my CFO in particular. There's some sensitive items, budget items, I thought we were not tight as we could be. And there's some sensitive things. Do you ever pick the phone up and call people and say, hey, I feel this one actually needed to be on the phone?

**Matteo Franceschetti:** Yeah, I would say probably 20 percent of my meetings is impromptu.

And so I just randomly call. And so I actually allocate time in my daily calendar. to make sure that I have bandwidth to just randomly call my team and discuss

**Harry Stebbings:** things. And speaking of bandwidth, another one is operational excellence. It's kind of a bandied around term, very popular. How do you think about your own operational excellence and what the biggest needle movers have been and what you've done to optimize it?

**Matteo Franceschetti:** operational excellence, to me, means output, right? So, what is the output and the efficiency of this output? And so there are a couple of [00:31:00] factors behind that. The first one is quality, and the second is velocity. you need to keep a very high bar, in terms of quality, at a very high velocity.

And then you have this output. And the output, there is actually some example from Keith, Keith Rabois, right? Output usually is a function of how many barrels you have. Barrels are people in your company that can get everything done from zero to completion, right? And you have barrels and ammunition.

Barrels can lead anything from zero to completion. Ammunition support them. usually the output is a function of this. You can do as many things based on the number of barrels you have. If you have five barrels, you can usually do five things. But the key of this operational excellence is how do you make sure that you keep moving really, really fast without compromising quality.

And so they are opposite metrics, and you challenge them against each other.

**Harry Stebbings:** What's the biggest challenge of having them opposing each other? It's

**Matteo Franceschetti:** the best thing ever. and actually this is a mistake a lot of companies do when they pick only one metric. I'll give you an example in growth. In growth, my team has a goal to grow, call it 2x a year over a year, [00:32:00] At this cac. There is a tension between these two, but this tension is exactly what they want, right? Because if you just give them growth, they could grow 5x year over year. They just spend 5x more cac or 3x more cac. If they just use cac, then they're not challenged to figure out how to unlock new channels that can push our growth.

And so opposite metrics, we don't do anything at a sleep if there is not an opposite metric.

What mistakes have you made with operational excellence?

**Harry Stebbings:** When you look back now, I can't believe we did that.

**Matteo Franceschetti:** Most of the times is probably connected to the opposite metrics. Like you want to ship quality of software, Sometimes now we wanted to improve the quality of our software to make our software more reliable. But then what happens is it starts taking months.

to ship a new feature or another example is focus, right? Sometimes my engineers or the head of engineering says we cannot address a bug. We figured we found the last night This can happen in two weeks because the team is already focused on this pipeline of products And my answer is no we need to do it Today I give them a [00:33:00] 48 hours, right?

So usually if something come up, we need to fix it where it was in 48 hours. If that doesn't happen, we must have a very strong reason and I want to read about that, You always want to find this balance between these two opposite parts of the business.

**Harry Stebbings:** You mentioned, like, the 48 hour turnaround there.

I often think about speed of execution and velocity. Yeah. part of me says it's the most important thing in a business, and I do think, especially in 0 to 1, it really is on the testing and iterating side. And then part of me thinks actually some things need a lot more deliberation. How do you think about is speed of execution as important as everyone says?

It

**Matteo Franceschetti:** is without compromising quality, so yes, and then you set the opposite metrics of quality. Is it

**Harry Stebbings:** possible to do it without compromising quality? If I can do it today for you, and it's 80%, or I can do it in a week for you, and it's 90%,

**Matteo Franceschetti:** which do you want? So, I want the 80%. And so there is where you need to be clear is also one of the points of the Ilona.

I'll go on his book right about simplifying the requirements. So it's the definition of quality quality to me is not perfection, but there is a threshold where if [00:34:00] you just ship tomorrow shitty up, then we don't go very far as a brand, right? But if he's 85 percent there and then you keep improving every single day for the next week.

Can you take it to 100%? 100%? We should do that. There was actually this point that, you know, they taught us at, YC where they, if you were going to the YC partners during the YC program saying, Oh, I'm going to launch, I don't know, this website in 30 days. Some of the partners, they will tell you, no, you start shipping something tomorrow and you break that thing down in 30 pieces.

And every day you make some progress. we really talk about progress. at 8 slip. How can you do as much progress as possible on a 24 or 48 hours? I do

**Harry Stebbings:** want to just like dive into that because I think RAMP actually do it very well in terms of velocity. They have like at the top of every dock like day 628.

How do you think about deliberately building velocity into a company?

**Matteo Franceschetti:** I think it's literally part of the culture. We call it 8 slip speed, 8S speed. when we do something really, really fast, we celebrate that. And I immediately jump in and I also hashtag 8slipspeed. We want [00:35:00] to do what any other company does in half the time.

The key usually with senior executives where you really need to push them because in particular if they come from big companies they are more skewed towards quality and reliability while instead you want to be bold and just ship something 80 percent take the risk and move on and you need to

**Harry Stebbings:** create a culture.

Have you ever had it where it's not been good enough and you're like hey this I wrote a

**Matteo Franceschetti:** memo about this last Sunday to all my executives, and I say, I want to increase our pace by 30%. And tomorrow we're going to discuss this. We had our internal executive meeting. Everyone reads the memo. They read the memo before the meeting.

We debated the memo. By the end of last week, so last Friday, everyone... took action in changes with their team to increase velocity 30%.

**Harry Stebbings:** How did they respond? Were they like, Oh, Matteo, that's, that's a lot. We're pushing our hardest now. How was their

**Matteo Franceschetti:** response? At first, it was mixed, right? Some people say, okay, this guy just keeps pushing for for velocity for the sake of velocity.

**Harry Stebbings:** But by [00:36:00] the end of the week, 100 percent of them, they were 100 percent in. What are the most significant things you think the team will do? To reach that 30 percent

**Matteo Franceschetti:** speed increase, the bigger thing is what I told them is they need to stop being too rigid on biweekly or monthly goals if they're too rigid on that, when things happen and in a startup, things happen every day, they are not agile enough to fix them.

So let's say we discover a bug today. That bug needs to be fixed tomorrow. And it cannot be, oh, but we have this roadmap and we are shipping this engineering feature and we can do it in two weeks. No, they do it tomorrow. And so you need to talk to your engineers and they need to understand the importance.

of fixing these, right, for a brand that is premium and is positioned at 2000 bucks. that is the number one thing. We are sometimes too rigid with our schedules. Did they resonate with that? After I explained and gave examples, because then what I did in the memo, I gave good examples and bad examples.

We had an executive meeting, sorry, an executive offsite four weeks ago. I [00:37:00] created another memo about A product that we're going to launch. this was new, but I think the case is pretty strong and it's pretty obvious. So everyone understood, okay, no, this, this makes sense. It's not just material idea.

And then they say, when do you want that? And they set a very aggressive deadline. the first answer for the first five minutes is, Oh, it will take us a month to validate all these things. If this is possible with our data. And I say that doesn't work.

We don't have a month to validate. How can you validate it in three days? then they started thinking and say, it goes back to the Elon Algos of simplifying and reducing requirements. Okay, we don't need 100 percent certainty on that thing. Maybe we need 80 and for 80 percent certainty, we can just do A and B tomorrow.

the same across all the different teams. And by the end of the week, we had a full plan and we have validated everything. How

**Harry Stebbings:** does the requirement for perfection or close to perfection change when you're comparing needs in hardware versus software? Software is obviously retraceable. Ah, fuck, bug, let's replace it, [00:38:00] Hardware, ah, shit. How does that change?

**Matteo Franceschetti:** It changes, you will never have 100 percent confidence when you ship a hardware, that everything is perfect. You will always discover things that you didn't know.

And so a certain point where you need to flip the narrative is about learning. The whole reason of velocity is not velocity for the sake of velocity. Is you need to learn as fast as possible so then you can adjust things as fast as possible, which goes back to the point where if you are too rigid with very long term roadmap, that doesn't work in a startup. When we switch from the mattress to the cover, which now is 99 percent of our sales. We did it in three days. And we didn't have a cover, but we had the wrap for the mattress and we had the cover and we wanted to see how customers would react to that. And this thing immediately became 20 30 percent of the sales, even if it was hidden in accessories.

And so I always push my team, can this help us learn faster? And if the answer is yes, go and be bold and take the risk.

**Harry Stebbings:** can you take me to a time on both sides? One where being faster has helped you, and another where being faster [00:39:00] has hurt you.

**Matteo Franceschetti:** Where it helped us was the cover, One of the massive, biggest win of the business.

Now sometimes we have a subscription. We could have launched the subscription in a way where we could have tested more things before and could be more sophisticated. But there we did it immediately after. And so we could have done it a month before instead than a month after. Can you change

**Harry Stebbings:** pricing?

People are always like, Oh, it's very hard to go up in pricing. You can't change pricing. You can't. So you disagree with the notion you can't go up and it's difficult.

**Matteo Franceschetti:** 100%. Disagree. I think we overthink because the whole point is your startup. How many people really know your brand? Even if you're big, if you know, you're not Apple, don't fool yourself thinking that, you know, that big brand, then what you need to be aware is. There is a lag, right? So if you change price, it will be customers that saw your product for the previous 30 days, 60 days, right? And they saw a certain price higher or lower. Like for example, in our case, we tested different warranties on the product, right?

We have seen for X period of time, people say, Oh, but what about that [00:40:00] warranty? Everything you do, you can do it the same day. You just



need to be thoughtful, which goes back to clarity of thinking about thinking the second order effects. Will people what's Ask this. What do you answer? Did you train the customer support to have an answer?

So there is where you just need to be thoughtful, but you can do everything today.

**Harry Stebbings:** You mentioned like executive offsites, you mentioned getting everyone aligned in terms of moving 30 Teams are the hardest thing, always. What have been your biggest lessons in terms of talent management?

**Matteo Franceschetti:** I mean, I think one of the biggest lessons is you really need to pay attention with when you hire executives from big companies. I think this is something really well known, but I made mistakes there too.

**Harry Stebbings:** What are those mistakes that you would tell me as a young startup founder listening, who sees shiny logos from Apple and Tesla and SpaceX and goes, Wow, What would you tell me knowing what you know now?

**Matteo Franceschetti:** So first, Even if these people were really the successful drivers of other, in other companies, right, which, which could be possible. You want to make sure that first the historical time of when they were [00:41:00] successful is still similar to yours. It goes back to what I was telling you, right?

If you find people that were able to scale a business from 100 million to a billion. But at the time where it was growth at all costs and they join your company, your company's design around CAC efficiency, it will be really hard for them, right? They have already been successful. Probably they already made money.

They have their own playbook. That playbook doesn't work for you. So you need to find people that were really successful at scaling businesses with a very efficient CAC. That is a different game. The second is, if they come from very large companies, the requirements compared to a startup are very different.

We are pirates. They are the Navy. These people need to be able to launch a new product in two days just because they want to test it and be fine with the customer reaction. If they start thinking about the brand, the brand impact, and this, this and that, you need to be thoughtful, but you need to take some risks to learn faster.

And maybe they reach a point where They were not anymore because that company was way bigger and it's really hard to reverse back if they have been there two, three, four, five years. And [00:42:00] then sometimes some of these people what I have seen is if they have already been successful, if they made money, you know, maybe they are a different phase of their life.

And instead in our company, again, we are pirates, man. If you need to work on Saturday and Sunday to ship the thing and test it, and it's a bold move, you have to do it.

**Harry Stebbings:** how does your hiring process look as a result of that? Like, how do you structure it then to test for

**Matteo Franceschetti:** those?

So we made a lot of mistakes in hiring too.

**Harry Stebbings:** I've never met anyone who's like, Oh, we did it well from day one.

**Matteo Franceschetti:** So the first thing is we accept to be slow at hiring and slow, not in terms of the process, in terms of the steps, but we have a bunch of steps. The second thing is everyone has to do homework.

Anyone who joins the company, we give them a project. They need to work on that at home and they will present to a panel. I don't care if you are the senior executive and you are the CFO of Amazon. If you want to join AidsLib, you have to do your homework, and we give you a few days and a very complicated project, and you will present.

If you don't want to do it, it's fine. For us, it's [00:43:00] a way of selection, right? Because it shows how committed you are. And

**Harry Stebbings:** just so I get an understanding of this, this is a task that you would do in that role?

**Matteo Franceschetti:** Usually it's a problem we currently have in the function, so we also learn. What is your perspective?

And it's actually like your first day of work. Okay. this is a problem you would face the first day of work. Put it together, put your thoughts, put your strategy, show me the data and show me your clarity of thinking. Have you

**Harry Stebbings:** ever had anyone be like, kidding me? I was a principal

**Matteo Franceschetti:** engineer at Tesla.

Yeah. But you already know that sometimes executives, then you're surprised. Sometimes the recruiter say, Oh, this person will never do it. They are a senior executive at Tesla. the good people, 100 percent of them, they do it. And they get excited, So that is one.

When you talk to a person at eight sleep, there are three ratings. There is past higher and strong higher. We don't hire anyone if there are not. three strong hires. it's a hard rule. So three

**Harry Stebbings:** strong hires on the voting panel for that? Yeah, the people that they spoke to. How many touch points are there with the team?

Is that three out of 10? Three out of [00:44:00] 15?

**Matteo Franceschetti:** It's probably somewhere between three out of five, three out of six.

**Harry Stebbings:** So it's kind of at least 50 percent strong hire.

**Matteo Franceschetti:** Yeah. And the other thing, and this is more mental, is we are a default and no hire. The default is if you come to a sleep, we don't hire you unless you really blow Our mind.

The reason why this is helpful is, I don't know, one of my executive recently came back and say, Oh, there is this engineer has a great pay degree and I work at this company in that company. I'm not a strong hire, but I think I can grow this person into the role. And I say, No, we are a default to no hire.

So unless you are extremely bullish on this person that you believe it would be dumb to let this person go, we don't hire. We just stop here, the process, and we move on.

**Harry Stebbings:** You mentioned kind of being slow there. I get it, but sometimes you just have to hire today because you need a seat filled and you need to actually start doing something.

How do you determine just kind of... rush to hire and just get someone in the seat because they need to versus no, it needs to be the right perfect time.

**Matteo Franceschetti:** [00:45:00] we hire really fast in 2019. I would say we probably screw up a large percentage of all the people we hire because we had that approach. what we learn is the pain that you go through if you hire the wrong person is probably 10x bigger.

Then delaying the hire by a couple of months. And so the way I look at this is in different buckets. One, I measure the top of the funnel of each executive, and I see how many interviews they do per day, per week. And now I start having a baseline on my mind of how many they should do, how many people they should interview.

But more or less, we hire a person every hundred, If they start telling me, oh, I'm struggling, I don't find this engineer in San Francisco for mechanical engineer, blah, blah, blah. And I see that they just did 30 interviews. It's just math, On an average, we hire one every 100 people. If you didn't see 100 people, you're not going to hire.

It's not going to happen, that is how you create velocity. And then also, I measure the steps. How long does it take to go from step one to step two? Is it 48 hours, or is it taking you a [00:46:00] week? And if it's a week, why were you so slow? So that is where I create velocity. But then in the selection of the candidates, man, the bar needs to be incredibly high.

If you as executive are not strong hire, why are we hiring this person if you're not bullish? Would you take a flight to China with them and spend a week with them? Would you have fun? If no, what's the whole point? Would you be excited about having a one on one with them? If no, what's the point? That is one.

Second, are there other people in the company that believe what you believe? And so they have two more strong hires. If not, I love you, but we are a default no hire. And so I assume no. And then there is my final step, which is still 50 50. And sometimes I feel so bad as a CEO. But if I don't click culturally with the person, I still pass.

And I'm close to 50 percent

**Harry Stebbings:** pass. Does that cause descent? if I'm working for you and I go through all of these steps, we go through the panel, they're great. I need this in my function. And he, she is great. And then, like, you don't click.

**Matteo Franceschetti:** I mean, the definition of click... Let's expand it. So I send [00:47:00] you a bunch of bullets with pros and cons.

I try to be very detailed, particularly when I pass, Because I don't want this to look like, Oh, Matteo was in a bad mood. He just said to pass, right? I have my pre made playbook of how I run these interviews, right? And

**Matteo Franceschetti Intro:** I run all the interviews with the same playbook.

**Matteo Franceschetti:** And that helps me because now I have seen thousands of candidates with the same playbook, the same questions, right?

And so I can identify certain red flags faster. What are the playbooks?

**Matteo Franceschetti Intro:** I go through each of your previous jobs and I ask you five questions.

**Matteo Franceschetti:** How did you find the job and what did they hire you for? so that helps you because in how you find the job, if they had five, six jobs, you want to see if they were recommended by anyone.

Or the previous managers. That is a great sign, right? If it never happens, it's not a red flag, but it's not a positive sign. Second, biggest achievement. Biggest achievement seems a stupid question, but it's one of the greatest questions. Because if you start talking to me about, oh, I bonded with my people or my teammates, I assume that you bond with other thing is, I'm talking about what has been the biggest achievement, your [00:48:00] biggest contribution, you, not your team.

And the best people come back with data. I improved the CVR of the website from 8 percent to 9. 2 by doing A, B, and C. That is a great thing. If they're fluffy. Third question is what has been the lowest point? And this is another great one because a lot of people, they start complaining and you see what they complain about or my manager.

They never gave me the right task and this and that, or they didn't give me enough freedom to operate, blah, blah, blah. Then you ask, who was your manager? And what are they going to say about you in the next reference

check? But you want to say in the reference check, because they can lie, because they know that you will do the reference check.

And so there you immediately see certain people becoming rigid. You know, I mean, we had a good relationship, but it was not really perfect. My manager. And the last one, why did you leave? And there is a soft way to know. Did they push you out? Was a reef. And when you start doing for five jobs, five, six jobs.

You start seeing patterns. And so when I go back to you as an executive, it's not Matteo's [00:49:00] opinion, it's I come back with a list, because I take notes, and I saw X red flags. And at that point they trust me.

How long does that take?

This is another great question. With the great people in... Twenty, twenty five minutes.

I can go through five jobs. They're fast. There are some people where you go through two jobs in 30 minutes and that is another red flag because

**Harry Stebbings:** I have it sometimes a half an hour and they're like, and then I went to Stanford and you're like, Oh no. Yeah. Yeah. So we have that. I hate bounces.

I call them, which is, as you said, a couple of times. Five, six jobs. I'm like, if you were somewhere for a year and a half and another for two years and another for a year and a half with ramp time and leaving time, you basically did six months of work. Correct.

**Matteo Franceschetti:** I look at that a lot. that is why it's really important to understand how they found the next job.

Meaning if he was your former boss that gives you the opportunity of a lifetime and you live after 18 months I understand right if there was a reef fine

**Harry Stebbings:** thing if it's a riff fine I know this is gonna be very unpopular if it's a riff does that not show you [00:50:00] that you weren't

**Matteo Franceschetti:** crucial I think of that definitely.

I think even though you want to see a pattern I see sometimes people that have been part of Three reefs, you know what you need to think there is, how did, let's say there is a reef after a year or even six months. Sometimes you see it and you see this happening multiple times in their career, like three, four times.

Then what I start questioning is how did you judge the company, Why did you pick this company, right? There is that part of judgment that is key in their career because it means they are thoughtful about what company they're joining and why. Then the company can fail. If you tell me, Oh, look, I wanted to join a space company and it was forget SpaceX, right?

And then they fail. But I have been a dreamer of space for all my life. I get that. But if you got the company that is maybe debatable and it was really tiny and you came from Amazon and you went to you know, it just makes no sense. There is another area that I judge a lot.

**Harry Stebbings:** How do you feel about title?

What are your lessons on how successful a hirer is correlated to their negotiation on the [00:51:00] title that they want or have?

**Matteo Franceschetti:** is bad some of the best people, they don't really care about title. I understand that some people, you still want to go home, not to your partner, to your friends and have some pride of what is your title in particular if you're moving.

we had experiences where when we were hiring bad in 2019, a certain point, the VP of engineering changed the title of an engineer. And this guy started coming in completely dressed with a t shirt and the tie the following day thinking of being a manager. And he was managing like, I don't know, one or two people.

So it literally made no sense. So the story there is you need to pay attention, meaning sometimes you can play with titles. I don't like it 80 percent of the times. You can do it. But it's less about the title and making it clear that you're still an IC. Versus a manager and we don't make anyone a manager unless they already led a bunch of squads successfully So my step is you will never become manager immediately right going from IC to manager You need to be a manager before you're formally a [00:52:00] manager the easiest way for us We our teams are structuring squads.

There is the engineering team. There is the product team and all that then they work in squads So maybe there is a PM there is two engineers and there is a



designer right and there is a squad lead the person who is leading that microbusiness unit, I want to see you leading one of those things or at least be part of the leadership of that squad successfully before we ever talk about you being a manager.

**Harry Stebbings:** When can you play with titles?

**Matteo Franceschetti:** After multiple years. After an insanely great performance, so you need to be, you know, every six months or 12 months, you have your performance review, you get rated on all these principles for each of them, strong, medium, low, And if you are a top performer in the company, probably you're at the point you're not asking for a title change.

But if you do, that is the only case. When we consider it,

**Harry Stebbings:** I think a lot of people, and I mean this respectfully to you, will be listening to this a little bit daunted because there's a lot of founders who are listening who will go, shit, I don't have any of these frameworks or playbooks. Did you have them from [00:53:00] day one?

And can they be implemented halfway through?

**Matteo Franceschetti:** Yeah, and I didn't have them since day one. I literally spent a lot of time studying on a weekly basis, right? I really studied the best. You will see that a lot of the things I share, for example, they come, I don't know, from people like Keith or others. It depends on the subject matter, but it was developed over time.

But he makes the difference. Would you say the playbook's

**Harry Stebbings:** the most important one?

**Matteo Franceschetti:** Yes. There is one we didn't cover yet that is writing. Obsessed with writing at ASLib. We'll

**Harry Stebbings:** discuss writing after this one other one that I just have to, uh, pay.

What have been your lessons on pay? When to move? What it can indicate?

**Matteo Franceschetti:** So we do it every year. for people. I don't think we are very sophisticated on this. So whatever I say, I think it works for, early stage companies. I think we need to raise our bar on this.

But what we do today is we have three levels of compensation increase based on you're a top performer, you're okay, or there is no change if you're a low performer. If you're a

**Harry Stebbings:** low performer, no change, should you not be [00:54:00] moved on? Yeah, that

**Matteo Franceschetti:** would be the first thing I would discuss with the executive, right?

And the reason is, is not because you want to be, you know, You don't wanna be fair, actually, you want to be fair. So what you need to do there is first you need to talk to the person, right? Because if things are not working, there is always a why, Most of the times people are not bad, and so maybe we're not the right fit, you know, as a culture, as a product, maybe we're not the right fit for this time of their life, right?

We are very intense as a culture, and so if you're not intense, if you have other things going on in your life. We should respect that. But at the same time, you cannot be friends with everyone. I always tell my team, right? So you need to pick your friends. talk to them, give them an opportunity to improve and raise their bar.

If they do it, that is success to me. If they don't, then we need to part ways,

**Harry Stebbings:** I think one of the big mistakes I see a lot of founders make is they're like, you know, Mateo, he's not great actually here, but we moved him to this other side of the business where he's actually quite good.

And that works. And I always ask the question, forgetting the existing relationship with Matteo, if you were hiring for that new position that he was [00:55:00] in, would you have hired him against the other candidates? Correct. Like,

**Matteo Franceschetti:** And the other typical mistake is people come back and what they say is I need three months, so I start looking for a replacement.

I still need some help here. at the beginning, I was accommodating that. Now I became ruthless. I said no. If you spoke to the person, if you gave them the time to adjust, and if that didn't happen, now you pull the plug. And the reason is first you need to let these people move on. and find the right job, You need to be respectful. You don't keep him hanging, and you already know that you want to look for someone else. And second is, if you don't let the person go, you will never move on to really find the right partner. treat them fairly, give them an opportunity. If we can help them, recommend them in other companies where they think they are a fit, we do.

You need to find someone who is the top 90, in the 99th Percentile for the

**Harry Stebbings:** job. Writing. The only thing I write, Matteo, is tweets. You're very good at that. Thank you so much. I've crafted it over many years. [00:56:00] Let's just start with, like, you said before about the importance of writing. You said it's so important for clarity of thought.

Help me. Why is this so important

**Matteo Franceschetti Intro:** I will not take a meeting with anyone in the company if I don't get an agenda slash memo.

**Matteo Franceschetti:** We call them agendas, but they are memos. It could be from a one page or a half a page, but an average meeting, it could even be five pages, we have a weekly growth meeting where we review all the data from the previous week and there is Multiple pages with all the data obviously that come from the dashboard and there is a bunch of thinking about what is happening and why So I'm not gonna take any meeting You can't schedule a meeting with me if I don't get an agenda.

I get all the agendas the night before

**Harry Stebbings:** What makes a good agenda versus a bad agenda?

**Matteo Franceschetti:** Massive difference. And usually probably takes at least six months to develop someone to write an incredibly good agenda because the best agenda, they're shorter. They go straight to the point, they are data driven, and they are very clear.

**Harry Stebbings:** Do they posit opinions? Do they posit, like, do they say where they want to get to at the end? Like, [00:57:00] how are they structured? I know it sounds weird. So

**Matteo Franceschetti:** usually there is an executive summary at the top, which is the summary of the key topics with the key data. Then there is points to be discussed. And then usually there is the real meat, And so this is usually based on OKRs, Our goals usually are monthly, four to six weeks. And so let's say you have a goal to grow 1.4x, a goal to improve CVR, and a goal to reduce CAC. You have three sections in the agenda. You tell us what is happening in each of them, what we are doing, what's working, and what's not working.

That is usually a good framework, right? Summary, what's working, what's not working. Summary, what's working, what's not working. And you support it with data. And then at the bottom, there is an area for action items that the team takes live. And so when we discuss something, we put the action item, the DRI, so who is in charge, and the deadline.

And the deadline It gets discussed, meaning that is how you enforce velocity, right? In my mind, if people talk to me and they don't set a deadline, it's the same day. That is how my brain works. And sometimes with junior people, it happened like two Sundays ago, I asked for [00:58:00] something because I had a meeting early on a Monday and I asked the thing to the finance team.

The person didn't say, Oh yeah, I'll get back to you. And then at 9pm, I didn't get the thing. And I say, where is the thing? I say, Oh, I was thinking to send it tomorrow. I could have done a better job there, because I should have set the deadline, so I think it was my mistake. But usually on my mind, if I don't set the deadline, it's the same day.

**Harry Stebbings:** Is it wrong to ask someone to do that on a Sunday?

**Matteo Franceschetti:** it depends. Meaning, if it's just because, oh, it's just Matteo, yes. Why do I have to bother you on a Sunday if I have a major, massive meeting that could drive a multi million dollar fundraiser at 7am on a Monday?

I think it's not debatable. I'm doing the best for the organization and for the job of hundreds of people.

**Harry Stebbings:** So, going back to the agendas, do you train people on how to write? Yes. What does that look like? I come into eight sleep.

**Matteo Franceschetti:** One more thing. And then I answer the other thing we do in the meetings.

We don't go through the agenda. We just go through the comments. So everyone had to read the agenda in advance. We do Google Docs. everyone leaves comments. And [00:59:00] you just go through the comments. The rest, we assume that you have read it, you're fine, and there is nothing to be debated. And so sometimes our meetings can be very short.

Even if the agenda is very meaty, three pages, four pages of an agenda, maybe there are three things to discuss. We discuss those, 12 minutes, and then we are all free. The way you do it is by giving comments. Oh, this is not clear. What is the data supporting the thing? What's happening here? What is the second order effect?

Why? There is only one option. What are the other option that you can see there? What is the effort and impact of these? How did you pick it right? Smart people at certain point they will start understanding not the question that will come and then usually executives, particularly in the early days, they try to prepare and work on the agenda before the agenda gets shared with me or the rest of the executive team, because usually the first mistake at the beginning is people are very long.

They're a bit confusing. They don't use data enough. These are the typical mistakes. And so even there, I start having a pattern, right? The speed at which I can read an agenda is indicative of how good is the agenda because I can go through it [01:00:00] really

**Harry Stebbings:** quickly. I'm really sorry. I've got twins. It's been a fucking manic weekend.

I have my own marketing campaign to do. Didn't get to the agenda, Matteo. I'm really sorry. Should I come to the meeting? Should I not come to

**Matteo Franceschetti:** the meeting? No, we cancelled the meeting. But you know I'm not gonna be happy. It didn't happen because you didn't plan accordingly. And so then I'm not happy. If you were shipping the new redesign of the app and you were monitoring all these metrics and then there was an unexpected bug, right? All these things that you couldn't expect, but those were repeat zero.

Of course, at that point, do we need the meeting or you need to stay focused on that stuff because it's a P0, right? We call them P0, So if there are P0s, we cancel the meeting and maybe we go async or maybe you don't have the agenda.

But if it was because of lack of thoughtfulness in how you plan your schedule, that doesn't work.

**Harry Stebbings:** Does that happen often?

**Matteo Franceschetti:** No, I would say But even there, because I think sometimes what I try to coach is just be smart, If you were really busy, just send a very brief agenda, but literally [01:01:00] three bullet points. The point of the agenda is not about being long. No one wants to read long documents.

You can give me time back, right? I save usually an hour every day before I start working just to review all the agendas of the day, Write three bullet points. If you were busy doing a P0, I'm sure there is a lot of value in that P0. Just write a bullet about what happened, right? We shipped the app to 95 percent of the customer yesterday.

We found this bug. We solved it within three hours. Thanks to engineer X.

**Harry Stebbings:** I'm very happy. So we never not read it. Going back to the training. What does that look like? So I join 8sleep. Thank you for hiring me. How do you train me to write agendas and memos?

**Matteo Franceschetti:** The only thing is writing a lot of agendas.

You

**Harry Stebbings:** start and you give me case studies. Here's

**Matteo Franceschetti:** 10 every let's say there is a weekly meeting for growth. There is a with a meeting for ardor. There is a weekly meeting for product, right? So there are these recurring meetings. again, you go back to the executive summary and then the okay. Ours and you might write your K. R. If you are the lead of the squad, you write everything. And at the beginning you will write something that [01:02:00] is long, that is not clear, is not data driven, and the executive will help you. But it's trial and error.

**Harry Stebbings:** And so we have trial and error there, on the writing itself, Do you worry about it impacting velocity? Like, yeah, yeah, I get it, you want an agendamato, but just, get on the call with me and talk, because we need to talk about this cack. It's not acceptable.

**Matteo Franceschetti:** That is the typical answer of someone who didn't write agendas.

It's something like... Ha ha ha! Think of the board deck, the biggest value of doing a really good board deck, is not for my board. It's for me. It pushes me to think about creating a story of why this quarter was so good. What were the reasons? What really happened, right? Preparing for questions.

90 percent of the value of the board meeting is in creating the board deck, not the board meeting. It's the same for the agenda, I don't want to come in a meeting where I don't have the information about that cock, right? If we need to discuss that cock, as you're saying, I want to read your thought.

I want to read the data. I want to sleep on it. Obviously, I don't sleep on it because it's the same day, [01:03:00] right? But I want to rest a little bit thinking about that topic. You can't expect me to come to a meeting. I'm not a genius who just shows up and have a magic answer. I need to digest it.

I need to read all the data. Maybe I want more data and I leave you the comment before the meeting so you add the data. And so then we can run a meeting in 12 minutes instead of 3 hours and get to a better conclusion. I

**Harry Stebbings:** given the amount of sleep you get, you could sleep on quite a lot material, but uh, can I ask you, do you use them historically?

Oh, we did this last week. We did this.

**Matteo Franceschetti:** 100%. So we have an executive meeting every Monday there is a section in my agenda called lessons. And I talk to all the executives about lessons that I learn with other executives. This has happened with this candidate. This candidate didn't work because of A and B.

Here happened that we didn't achieve what we had achieved because we did this mistake. I create a cross pollination in those moments. And so there is the executive that experienced the thing with me.

And then there are all the other executives, so they can make questions. And that is how you really create the culture, [01:04:00] because they see... First, they accept mistakes. Something that is really accepted in our executive meeting. We have no problems with mistakes. I screw up multiple times, and I say, Guys, I apologize.



These are the mistakes I did this week, or this month, or this quarter. And we do also post mortem. And a pre parade every quarter. I don't know if you know this thing. It comes from Sequoia, the pre parade. So substantially, you celebrate the quarter. This quarter will be successful, this next quarter will be successful, if.

And you write it down. And then, when the quarter ends, you see the pre parade, and you do the post mortem.

**Harry Stebbings:** And you do it one on one, or you do it as a team?

**Matteo Franceschetti:** Everything is shared. I don't care about anything.

**Harry Stebbings:** And then you discuss it with them, because I think one thing that people will always do is they'll try and make it, this will be successful if we increase by 25%.

No, we should increase by 75%. people will set the goal lower because they want it to be a success. Yeah, and

**Matteo Franceschetti:** no, this is another rule from Keith, I think, from his time at Square, where substantially everything is public in our company except comp. Usually comp, you don't want to share it, but everything else is shared.

I'll leave you the comments there [01:05:00] if I disagree. Even because I want to incentivize the fact that we can disagree, this is something that is really strong at Founders Fund, right? it's good to disagree, then I think the DRI still needs to take the decision that they So the DRI? The, the right, uh, responsible individual.

So the one who is the owner of the project or the topic, it's still their call, We use the thing that comes from Amazon that is disagree and commit. And I do sometimes in product, right? Not always. But sometimes I decide to disagree, but I raise my hand and I say, I disagree and commit, but I'm disagreeing.

**Harry Stebbings:** Do you agree that I don't like disagreeing? Commit? It's like, I'll marry you, but not that into you. Yeah. But

**Matteo Franceschetti:** sometimes it could be, I don't know, usually I use quadrants, right? And so there is what is in fact that knowledge, And so if the impact is really high, something that can kill the company.

This is another rule where you understand when to delegate and not to delegate, And so you have impact and you have knowledge. If this is a thing that can kill the company and has, I don't know, a legal [01:06:00] background I used to be a lawyer, I'm not gonna delegate that thing, And probably if it can kill the company, I'm not gonna delegate that thing, right?

I wanna be very, very involved. But if this is a thing that has very minor impact and I don't even know it well That is not the good use of my time. And so it falls in the bottom left quadrant. And so I delegate. And so here is how I decide all the times. If I want to take the final decision, no, we're not going to do that.

Even if everyone else disagrees with me versus something that they think, look, this is minor. They might be right. They might be wrong. I don't have way more experience than them. Sometimes you also want the team to feel empowered, right? So there is the tricky line as a CEO. Because if you always take the final decision, Then people say, okay, if I have to come here and just do what you say, find someone else, The best minds, they want to feel empowered, but they also sometimes want to feel the pressure to say, I'm fine, I'll follow you, but this is your call. Have

**Harry Stebbings:** you always had a good culture? When was the time when the culture was broken and you were like, we need to be a lot more

**Matteo Franceschetti:** deliberate? Yeah, I think [01:07:00] when we hired a lot really fast, the culture broke a little bit and it was because of the quality of the people.

How did it

**Harry Stebbings:** break? Like, how does that show up in an organization?

**Matteo Franceschetti:** Speed and quality, which goes to operational excellence. What we realized is we were becoming slower as we were adding people, and the quality was going down, which is really the worst.

What happened is there was COVID coming, and so that required multiple changes.

And I think those changes push us to readjust things for the good. But if you ask me as a CEO, yeah, that was one of the, of the times where if I look back, I think I should have done a much better

**Harry Stebbings:** job.

before we move on to like sleep itself and fitness and health, is there anything that you haven't discussed today that you think is core to driving 8sleep's success? I

**Matteo Franceschetti:** think the other thing which we experienced that too is no politics, no ego, I think from my side, this approach where again, I can talk about anything about even if I disagree with you with respect, but as a group, as an executive team and our [01:08:00] executive team, there is the executives, but now we have a bunch of second lines.

that I start bringing in so they learn by osmosis our culture, right? And so our executive meeting on Monday, I expanded it. Now we have a lot of second lines. And we have this culture where I call it demanding and su we are demanding and supportive. That, that is my style. And it's something I learned from, from Sequoia.

Sequoia is not one of our investors, but I still respect them a lot. Demanding means I'm extremely demanding, as you probably have seen in the video. But I'm very supportive. I really care about my people. I'm the type of guy who's going to do anything for you and supportive outside personal reasons, right?

In business or in this case means as long as you were thoughtful, as long as you know, we're operating, you know, with excellence and you care, it doesn't matter if the result doesn't come, I will support you. Move fast. Try that thing. If it fails, I'm there with you. It's something I was discussing actually yesterday with one of our executives about velocity because he said, look, I'll try to go for velocity.

I believe is the [01:09:00] right thing to do. We risk to compromise quality here and there. What happens if something goes, goes wrong. And I say, be bold. I'll be next to you. We are into this together. And so that is something that I think is really important. The other thing is this,

**Matteo Franceschetti Intro:** I always tell my executive, your job as an executive is not to be loved.

Your job is to help your people achieve more than what they believe it was possible.

**Matteo Franceschetti:** That is what will make them great. That is what will help them achieve more. If you look back when you go to school, most of the times, the teachers you remember were the tough teachers that you push you outside your comfort zone.

That is a great leader to me, but as a leader, the way I think is, if I believe you have a certain potential, my job is to help you fulfill your full potential, not 70 percent pace in a comfort zone. I'm hurting your career. And this is a mistake a lot of executives do.

Because they want to be loved, they want to be sometimes soft or too nice, you know, they don't want to stretch [01:10:00] you. The best players, the A players, think of Djokovic, the tennis player, right? What he wants from his coach is to get the most out of him, to improve every single detail.

**Harry Stebbings:** But it assumes that everyone is world class talent.

That's my only problem. World class talent always wants to be stretched. Yeah. Okay? The truth is, how many people are in eighth seat now? It

**Matteo Franceschetti:** depends, so we include up to 200.

**Harry Stebbings:** but like, when you reach 100, 200, 300, it's not possible to only have A players, by definition. Sorry, everyone has B players.

And B players don't necessarily want to be pushed that much.

**Matteo Franceschetti:** I might agree that not everyone can be an A player, but I think every person deserves to fulfill their full potential. And if they don't want to get there, then we're not the right fit for them. I think everyone I date sleep right now, largest, largest majority are A players, then A players can be shaped in different ways. There are some that they push really, really hard, they go above and beyond. And there are some others, they just master what they do.

And they want to stay within those boundaries. But everyone has a partner, everyone has a family or [01:11:00] everyone, they go home, and they want to be proud of what they do. They don't want to just do some basic things for the sake of doing it. There is where you need to help them raise themselves so they are proud and excited about what they do.

If you just let them be and they just do a repetitive job, these people will leave.

**Harry Stebbings:** I just think it's very easy to let people, to be honest with you, some people don't care about being proud about their job. They just want to tick the box. Yeah, but at that point they can be asleep.

Exactly, that's the point. And then when you get them in, you need to get them out fast. Yeah, exactly. Have you learned anything about firing?

**Matteo Franceschetti:** Yeah, quite a bit. As you can imagine, I did everything good and bad.

**Harry Stebbings:** I have an agenda.

**Matteo Franceschetti:** But yeah, I think for you and I, or at least for me, I come from a culture, I'm Italian, right?

I come from a culture where in Italy it's almost, you don't fire. when I moved to the U. S., it was really shocking to me to think that you can let people go. Then the way you do it, you need to be first I believe in radical candor. One thing I always challenge the executive is, if I call person X that reports to you, do they know if you rate them incredibly good, good, [01:12:00] or meh? Yes or no? And if the answer is, I don't know, then you're doing a poor job as an executive.

**Matteo Franceschetti Intro:** The most important thing is people should always know what you think of their performance.

**Matteo Franceschetti:** Because this is how you avoid problems in the future. And second, this is how you give them the opportunity to course correct. You can put them in a peeper, which is no, uh, substantially when you tell them that they need to improve their performance. But when you're there, the relationship is kind of broken, right?

Because I'm telling you that you have a month or two to fix things, It's very brutal. The bad thing is this concept of course correction. Some people that report directly to me, like chief of staff and so on, I give them feedback like real time the same day. And they know when I'm unhappy in a week or if I'm very happy another week.

forgetting the weekly thing, at least on a monthly basis, do people know how happy you are? And what do you think of their performance? Where are they're strong or not? If you do that, the best they will keep growing. If you shut up and you expect to wait 12 months to then share your opinion, and at that point you're

even kind of soft, because if you don't share your feedback [01:13:00] constantly, it becomes way harder to share a harsh feedback in 12 months.

Because you even didn't develop a relationship of feedback.

**Harry Stebbings:** But do you lose your shit, and do you feel guilty about it?

**Matteo Franceschetti:** Yes, I do. Which goes back, to my radical candor. If I have a problem, I tell you. Immediately.

**Harry Stebbings:** Do you warn people about that? Do you say, listen, Matteo, when you work with me, I will be very direct with you. Don't be too alarmed, but I will let you know how I feel in real time. Yes. I

**Matteo Franceschetti:** just say I will be very direct. I'll share what is on my mind. I don't pretend to be always right, but this is what is going on.

And if you have to push back because you have a case, build your case. But I'm real time feedback guy, real time. If there is a presentation, I don't know, in the O Lens, and one of our people is running the O Lens, and I see something I don't like in the O Lens, I might select them in one minute after the O Lens, with feedback about how to improve the O Lens for the following week.

Do you ever

**Harry Stebbings:** get told you're too much? I get told I'm too much sometimes. It's like just... A hundred percent. Someone I read, I run a lot, and David Goggins, there's a [01:14:00] difference between passion and obsession. It's passion is when everyone's like, Yeah, you're passionate about it. Well done, Matteo. And obsession, people are like, Ooh, you need to like stop that.

And it's this interesting difference. And obsession is actually where you want to be. Yeah.

**Matteo Franceschetti:** You need to start controlling yourself. But I think if people understand first that you have always the best intention if they see the point It's way easier for them to Understand it then sometimes they might not and I think is an area where I improved But you don't want to compromise velocity and feedback.

I think the feedback is still in the best interest of everyone.

**Harry Stebbings:** Dude I'm enjoying this so much. I do have to touch on just like fitness and health in terms of sleep Let's start there. Why not? What are one two things that you think in non obvious? That is really important for people to know.

**Matteo Franceschetti:** two basic things are really how much you sleep, which is pretty basic, and consistency. Because you really train your biological clock. to fall asleep at that time and to wake up at that time. your circadian cycle can substantially be trained.

And so consistency and amount of hours [01:15:00] you, you sleep.

**Harry Stebbings:** An amount of hours varies. We have 25 year olds listening and we have 50 year olds listening. Do they need different amounts?

**Matteo Franceschetti:** It depends. So usually as you get older, just harder for you to sleep eight, nine hours. a rule of thumb is between seven and nine hours for everyone, except very, very few people that have a genetic modification and can sleep only three, four hours. So

**Harry Stebbings:** what non obvious stuff should we know, should we do, One thing

**Matteo Franceschetti:** is usually playing outside aid sleep, but playing with your own body temperature before bed is really impactful.

And so let's say you're in a hotel or have a larger home and you can have a sauna and an ice bath. If you do that before going to bed, it's going to help you sleep better, meaningfully. Right. It's one of the biggest thing, even if you listen

**Harry Stebbings:** to Peter. Do you need the contrast sauna and ice bath or can

**Matteo Franceschetti:** you just do sauna?

You can also do only sauna. So that is why also people recommend just doing a hot bath or a hot shower, the way it creates is it starts warming up your body. Then your body needs to dissipate the heat from [01:16:00] the bathtub. And so the core body temperature goes down. So it's actually counterintuitive, and that is when your body prepares for sleep.



Because the second you fall asleep, your body temperature drops. And so you want to try to create that system.

**Harry Stebbings:** And we want to have a cold room as well, when we sleep in it? Yeah,

**Matteo Franceschetti:** you want to be in a cold room. The thing there, which is a typical mistake, is you hear a lot of people say, Oh, you should sleep at 68 degrees.

That is wrong. And the reason why it's wrong is 68 degrees might work, I don't know, in the first part of the night, but not in the second part of the night. Your body temperature changes during the night. That is why sometimes at 4 a. m., 5 a. m., you start feeling a bit cold and now you bring back your, your blanket and you cover yourself.

It's because your body temperature is changing and your body is preparing to wake up. How

**Harry Stebbings:** much does it change throughout

**Matteo Franceschetti:** the night? Not significantly, but enough for you to really feel that. The temperature drops at the beginning of the night. It's like a U curve. It drops at the beginning of the night.

So immediately as you fall asleep, it goes down. And then two, three hours before you wake up, the body temperature rises. And so your [01:17:00] body is preparing to wake up. Which if you think, if you go back to thousands of years ago, it just follows what happens in the night with the sun. Right? If you were sleeping in a cave, right?

The temperature drops because there is no sun and the night comes and then a couple of hours before sunrise, the temperature starts rising again because the sun starts

**Harry Stebbings:** coming out. You said beforehand that you sleep nine hours a night, which fantastic. There's many people who have three kids.

That changes a lot. I don't have children, but I imagine that changes a lot. What advice do you have for them? It's just a physical impossibility to do that. So I

**Matteo Franceschetti:** don't have kids, so I don't know, and they might disagree and they will likely disagree, And so we have executives which have kids.

And there is one who just had a kid, I think, in March. And we have an internal competition with sleep data inside the company. So there is a sleep fitness workup that is just inside the company. And so we compete with the sleep score every day. And this guy is always in the top 3, 4, 5. And he was [01:18:00] able to, I mean, organize his schedule with the kid to sleep enough.

Then obviously it depends, particularly when the kids are, based on what I know. When they're not small, right, they wake up in the middle of the night and so there are a bunch of interruptions. But I think once they cross probably that threshold, I guess the kid is going to sleep eight hours. I don't know.

**Harry Stebbings:** How does food impact

**Matteo Franceschetti:** sleep? In a lot of ways. The most impactful thing of everything is alcohol. Alcohol is massively, it's going to disrupt your sleep massively. You feel that you are a probably more relaxed mentally and you think, Oh, I will have a great night of sleep. But in reality, all your biometrics, heart rate will accelerate, HRV will drop, and in general your sleep architecture, so the sleep phases will change.

usually you lose probably somewhere around 20 percent sleep quality with alcohol. Then, carbs, they help you fall asleep, based on a bunch of studies, so you tend to feel more sleepy if you had carbs. But then the quality of sleep, in particular if you had quite a bit of carbs. It's fairly impactful.

**Harry Stebbings:** Quite a [01:19:00] bit of carbs, just for people listening. Is that a bowl of pasta?

**Matteo Franceschetti:** Yeah, it's probably around a bowl of pasta. Then, sleep is very subjective, right? So, there are all these rule of terms, but the point is, is very little knowledge about sleep at scale. And there is where I think company like us will make a massive difference, right?

Because today, if you really want to know about your sleep stages and everything, you need to go to a sleep clinic while they cover you with sensors. And you're in this clinic with which is a foreign environment or instead a sleep. Now we have hundreds and thousands of customers sleeping on these devices every single night in their home.

we are discovering things Literally no other professor or scientist can know just because of the scale. And so it's very subjective. Even the alcohol. There are certain people that react to alcohol in a certain way versus others.

**Harry Stebbings:** I said to a girlfriend about this interview. She said, I want to know, ask Matteo, why can some people drink coffee before bed and sleep well and I

**Matteo Franceschetti:** can't?

Yeah. it's very subjective. In general, the rule of thumb is you shouldn't because it takes around eight [01:20:00] hours for the coffee to really leave your body. I don't have a lot of coffee. But if you have coffee, you should stop drinking coffee at least eight hours before bed.

**Harry Stebbings:** how much does sex impact sleep?

**Matteo Franceschetti:** There is very little data on that. Uh, I think there is a lot of mental, probably relief and relaxation that helps you. I mean, there will be a, probably an hormonal impact as across different dimensions, but the knowledge is very limited.

**Harry Stebbings:** Final one. I promise. Exercise. How does that, I do a lot of running. I'll do 30, 40, 50k. Does that help me sleep better or not? My body's very tired.

**Matteo Franceschetti:** so first depends when you exercise, I stop exercising after 5 p. m. I will never exercise, but I exercise every morning.

Why? So two things. First, you rise your heart rate, right? So it depends on what time you go to bed. I go to bed fairly early, 30 10 you don't wanna do exercise or is not recommended to do exercise in the second part of the day because you accelerate your heart rate, you accelerate your body temperature, you, [01:21:00] you create a bunch of changes inside your body and then your body needs to go back to baseline and then needs to get into the, the phase of preparation of sleep. And so the best of the best is if you can train in the first part of the day. So there is plenty of time for your body to go back to baseline and then go into sleep preparation.

so if I play, I don't know, paddle or tennis, which are two sports that I like at 7 p. m There is no way I fall asleep at 10 everything in my body is still too active compared to usual.

**Harry Stebbings:** do you ever have like a late one? stay up till like 1 or 2 a.

m

**Matteo Franceschetti:** No, unless it's for work. I almost never do it. Obviously there is a crisis at work

**Harry Stebbings:** Exercise, sleep, food. Which one do you slip up on most?

**Matteo Franceschetti:** I mean, sleep, I sleep nine hours, right, every single day. Training, I train substantially every day. When I'm in Miami where I'm based, I do an hour and a half in the morning, tennis, paddles, something like that.

What does your training routine look like? Yeah, so it's usually 80 percent cardio, 20 percent strength, and cardio, I range between zone two and zone, uh, zone five. Do you have a [01:22:00] monitor on? use this guy. I use Apple Watch. So I try to monitor that. Usually you want to be based on what Peter Attia says.

He recommends 80 percent of the cardio in zone two and 20 percent in zone five. So you can really train your heart rate to spike and drop. There is a couple of metrics that few people know, but they are very helpful. That is heart rate recovery. but substantially you can use a nap called zones.

That gets the data from your Apple watch. You want to see how much your heart rate drops after a spike. If you rest, let's say you spike your heart rate to 170 and then there is one minute and two minutes. How much does it drop? So from 170 to 130 and then from 130 to 110. That speed is indicative of how good your heart rate is.

Which one do you slip up on most? Probably between the three, nutrition, a little bit more. But even though I'm on a keto diet, I usually eat once a day, just for dinner. I cheat on Fridays. I have a pizza with my wife on Fridays, so the Italian part of me comes out.

So you just have dinner? And usually [01:23:00] I have an early dinner, or at least I do what is called a 16 8 fasting. What does

**Harry Stebbings:** the dinner look like normally?

**Matteo Franceschetti:** Yeah, it's usually some form of meat. I don't eat a lot of red meat, but just because of preference, not for other reason.

Sometimes we have a soup with veggies.

**Harry Stebbings:** You're not a bit pissed off, Matteo. I mean, like, you just fasted for 20 hours and you get soup

**Matteo Franceschetti:** with veggies. Yeah, so I tested a bunch of that thing until when I found something that I really like, so I don't know, I could pair it with guacamole, which I really, really love.

yeah, I play with that.

**Harry Stebbings:** Can I ask a bit of a weird one, and then we'll do a quickfire? I listen to you, and you just sound a bit perfect, if I'm honest. Yeah. Do you ever have anything that's just a bit weird and off?

**Matteo Franceschetti:** I think the challenge is, I try to do all these things, and so it's...

You put this pressure on yourself. Yeah, exactly. So that is probably, you know, the hard part of it all, was, you know, pushing yourself to this limit, and so this sometimes impacts your mood. You

**Harry Stebbings:** ever just like, oh f

**Matteo Franceschetti:** can't do this? Yeah, and at that point you have like, you know, the equivalent of the cheat day, right?

It's not that you [01:24:00] can always be like this or that, but you shouldn't be perfect every day. This is something I learned from a video of Tom Brady. But what you want is the consistency. It's less about cheating one day or another day. But if you zoom out and you look at how you manage your things, are you consistently enough in all these different dimensions?

And it's less about one day or two days. It's more really look at the year, at the month, at the years. And can you sustain that? That, to me, is more important than anything else. Even alcohol, right? You and I, we had this, you know, this episode a few years ago. And since 2019 is when I stopped drinking. Can you drink from time to time?

Yeah, you can. But are you consistently, in my case, avoiding alcohol? Yes, and the reason why I do it is just because I feel better.

**Harry Stebbings:** I totally get you and agree. You said about sustaining over years. Final, final one, I promise. Your co founder is also your partner. What's the secret to a successful marriage?

**Matteo Franceschetti:** I tell you a story first, so probably as you feel like you have understood this, I'm always on unless when I'm sleeping about [01:25:00] the business, but my wife, sometimes she wants her time where I don't bother her about the business, right?

She wants to be in her own world. That is how she, you know, digest things and develop ideas. And so sometimes, you know, it's, I don't know, 9 p. m. And I want to talk about some stuff for a sleep. And she said, look, after this time, you need to treat me like any other executive and colleagues. So you can't bother me all the time.

And so you can't talk about work after, 9 p. m.

**Harry Stebbings:** You're like right at sleep time,

**Matteo Franceschetti:** but so I say, okay, fine. I need to treat you like any other executive and I can't talk to them because I wouldn't call them at 10 p. m. But I would slack them. And so sometimes I just lack it and we are both on the couch and like 9 p.

m. and there is something on my mind about growth. She leads growth and marketing and I start slacking her as it is the phone that vibrates the next to me. But I cannot talk about the topic. Does

**Harry Stebbings:** she answer in real time or does she wait until tomorrow?

**Matteo Franceschetti:** It depends. If it's urgent, whenever she looks at [01:26:00] that, then she will answer.

But that is funny because sometimes also we are like, oh, can you ask this thing? We call her AZ because it's Alexandra Zatarin, right? And we call her AZ. And how can you ask these two AZ and I say, No, you ask her because I treat her like literally any other executive. Even if we are in the same house, and she's in her office, and I'm in my office.

**Harry Stebbings:** Is it difficult to retain the romance? I would

**Matteo Franceschetti:** say for 90 percent of the couples, probably. In our case, I don't know, we clicked. And so that works really well. And she's really good at setting boundaries. even on a Saturday and a Sunday we talk about work quite a bit, but at certain points she says, enough.

At that point, I just need to live in my world, and I can't talk about that. Was there ever

**Harry Stebbings:** a moment where it was challenging, and what did you learn from that moment?

**Matteo Franceschetti:** Yes, earlier days, because you know, Alex leads growth, which is... Something very measurable, revenue, CAC, There is no debate.

And in a company, growth is not that it's always gonna go great. my job as a CEO is to [01:27:00] push, particularly when things are not going great. And so for her, you know, then... You need to pay attention to not create some resentment and you need to understand when they're going through a lot of pressure because growth has this problem.

The first is daily every day. The first thing I look at right of wrong, probably wrong, but it's revenue of the previous day. I receive a look at dashboard, right? That's the first thing I look at. And so that immediately sets your mood. And the other brutal thing is you do a great year and then January 1st comes.

And he's, you need another great year and everything starts from zero, it's really hard for growth people and there are a lot of pressure and then that comes immediately after Black Friday for us, which is another big moment. And so at the beginning, I think we had to fine tune that part of the relationship because yeah, sometimes I was too much, but I think there is where she's been great.

Did she say that? Yes. The other funny thing is we use slack at work and then we use what's up for personal stuff. And so sometimes I might be writing about growth and we need to accelerate the thing we need to do this, this, this and that. And then on what's up and saying, Oh, it's Friday night. I can't wait for our cheat day of [01:28:00] pizza.

And so we have two channels for communication.



**Harry Stebbings:** Listen, I want to move into a quickfire round, so I say a short statement, you give me your immediate thoughts. Does that sound okay? Let's start with this one. What do others not know that you know to be true?

**Matteo Franceschetti:** your bed will become the most powerful preventative health platform in the future and will save your life.

**Harry Stebbings:** In what

**Matteo Franceschetti:** timeline? We already saved a life, multiple lives, because some people saw that their biometrics were upside down.

**Harry Stebbings:** Can you tell me, as actually one of your investors told me, ask about how 8 has saved a life. Is there one that sticks

**Matteo Franceschetti:** to mind? Yeah. multiple stories, but there is this one, it was the first one we got, so a customer writes me and he say, I just wanted to say thank you, you guys saved my life.

he or she didn't get into the specifics, but the, the biometrics were off compared to the usual baseline. This person went straight to ER, they found, uh, there was a major health issue. He had an immediate surgery and that saved his life. It was a big deal. And that is when now you really realize and you're really proud of what you're doing.

You understand why we're working so [01:29:00] hard and, you know, putting so much effort in what we do. One of our goals is we want to track how many

**Harry Stebbings:** lives we save. But like, how long do you think it is before you are having prefrontal body scans in your sleep? three years, five years, ten years? No, less. And then who owns that data? Consumers?

**Matteo Franceschetti:** Yeah. I mean, what is the standard market practice of, like, an Apple Watch or like a... Well, no. I'm

**Harry Stebbings:** just thinking, like, if you have an 8 sleep that's preventative health and scans you every night and then you actually have, like, the anonymization of data that can correlate your body to my body or my mother's got multiple sclerosis and they can tell that temperature correlates to relapses in multiple sclerosis and you could actually have this incredible global data set that learns from each other.

Yep. That's really cool.

**Matteo Franceschetti:** The power of discovery honestly is insane because the advantage we have at 8 sleep are three. One, we have a lot of space, right? So we can literally add any sensor you can think of. Wearables can't, Second, we have you for eight hour each every day.

It's a lot of time, And you're standing still. And third, once you install our [01:30:00] product, you don't remove it. And so we have very longitudinal data, which is one of the biggest issues, right? A lot of wearables, people stop using them within three to six months. In our case, they keep the product there, just not because we are geniuses, but because it's the type of form factor.

And so if you fast forward, even just now, for us, understanding what happens across a million nights. It happens in less than a week.

**Harry Stebbings:** of any other company for a day, which would it be?

**Matteo Franceschetti:** Tesla. No, actually, you know what? I was thinking of this. It would be the CEO of Mercedes F one or Ferrari F one. Why? I'm really into F one. If you ask me if I was not an entrepreneur, what else would I like to be is to be an F one driver.

I raced with go cars when I was a kid and all that. And so I think there is the man and the machine, high performance, high engineering, a lot of technology, but apply to sport. And I used to be an athlete. And so that kind of competition and challenge would excite me so much. What's your favorite consumer brand?

true that I respect a lot [01:31:00] one is Tesla. And the reason why is because of how obsessed they are with the customer experience, right? They are minimal. They're simple. The product evolves with software. And so we use Tesla a lot as an example. It takes sleep. And the other one I really like is Nike because they honor great athletes.

And so there is this It's respect for the customer in the way they honor it, It's really the word honoring your customers that I really love. It's not customer obsession. Not just business manager calls it customer obsession to me is honor your customer.

**Harry Stebbings:** Tell me you can have dinner with anyone dead or alive.

Who do you choose to have dinner with and why them?

**Matteo Franceschetti:** Three people really pushing the boat out here. Ayrton Senna, a famous Formula One driver who died in 1984, but one of the greatest. Winston Churchill. Because I love history and I read about Winston Churchill and how he handled a lot of different things in the Second World War and all that, I find it fascinating.

And then Barack Obama, just because he was one of the [01:32:00] youngest U. S. presidents. And not because I'm... Was this political side or the other one? I'm pretty agnostic. It's just people I would like, you know, to have a dinner and make you a bunch of questions. How did you handle that? How? What happened here? How did you and your wife handled what you asked me?

But to these guys, have you met Peter Thiel? I met him very briefly.

**Harry Stebbings:** Tell me, what single piece of advice have you been given that most stuck with you?

**Matteo Franceschetti:** I think that you never have a second chance to make a first impression.

And so always try to be... Now, very thoughtful when, you know, you meet the person, particularly if it's a person on your respect to prepare it and to be knowledgeable and to go into the meeting very well prepared.

**Harry Stebbings:** is the strongest belief which you had that turned out to be wrong?

**Matteo Franceschetti:** I have this contrarian approach to rest that I call it active recovery. it's pretty weird, but if I go on a vacation or if I take any time off everything is designed around me recovering as fast as possible. I almost think of that still as a part [01:33:00] of my daily performance, right? I think of myself like an athlete, even if I'm the CEO of a company and everything I do.

I try to do it to increase my performance as an athlete, my professional performance. And so my wife and I, we A B test vacations where we A B test different things and see what help us recover the most, particularly mentally. And what are the things that they help? What have you tested? from the lengths of the vacation to what we do in a vacation, right?

Do you want to go on a vacation in a resort and stay at the pool and read? Or you want to do nature and just walk? What

**Harry Stebbings:** have been lessons on length and then type for

**Matteo Franceschetti:** you? Yeah, so usually four days is more than enough. We almost see no incremental value. After that, the key thing is to disconnect from socials.

Sometimes if it's for a few days, I even don't learn or listen to podcasts. I really try to recover and I just do what I call stillness. I try to spend as much time as possible doing literally nothing and letting my brain go and just think about everything I need to train. [01:34:00] So if I just stop. training and I just eat a lot, then I just feel guilty with myself.

The other thing for me is I don't disconnect completely because what I realize is, uh, good or bad, sometimes I like to know what is happening and if there is any urgency. And so if I just try to put my phone away, it just gives me more anxiety. And so I'm always on, always on vacation. You will never find me off.

And people say, oh, why you do that? And to me, it's actually the thing that helps me the most.

**Harry Stebbings:** Final one. We have a show in 2033. further increased your productivity to all new heights. Where's eight sleep in 10 years? We

**Matteo Franceschetti:** have saved a million lives. We have improved millions of lives, right, between sleep and preventative health. We're a public company, hopefully by then, and the reason is why I think we'll set the right structure to build a long term business.

And what I use a lot is building a an iconic global company, meaning if I think of legacy and leaving a mark in the world to me, it's [01:35:00] not about not the money is really helping this million of lives and doing it with the brand that is iconic and globally recognized. If you ask me if you had a magic stick what you want your life to be spent on, that's it, Helping millions of lives with a brand that is iconic and well recognized globally. you really stand with that brand. You care about those guys. You know that that brand cares about you. And that brand is doing something well for the world.

**Harry Stebbings:** It's very rare where I actually do a show and I'm like, Oh shit, I need to change a lot of how I manage teams. This was like absolutely that. thank you for doing this. This has been amazing. And you are a

**Matteo Franceschetti:** star. Thank you so much for having me.

Bye!

**Scarlett 2i2 USB-6:** As I said at the beginning, I think that is one of the most granular action packed and advice filled episodes that you will ever hear as an early stage founder hiring and retaining teams. If you want to see more from us, of course you can on YouTube by searching for but before we leave you today,

**Riverside Advert:** did you know that every 20VC episode [01:36:00] you listen to is recorded with Riverside? Riverside is insanely good. Like, I would pay 1,000 per month for Riverside. It's that good. Why? Well, first off, ease. Your guests do not need an account. One click and they're in the recording room with you.

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**Arising Venture Advert:** And speaking of game-changers for [01:37:00] businesses, as a VCI, come across many businesses that have potential and offer a great product or service, but they run into issues.

And that's why I love the team at arising ventures. They're a holding company that acquires tech startups that are facing setbacks and helps get them back on track to success. They've helped companies like UpCounsel, which they took from burning \$1 million a month and shrinking to profitable and growing jive, where they launched a shutdown company and went from nought to a million Aero in just five months. They want you to reveal your great business underneath the broken incentives, whether it's a broken camp table, co-founder disputes, underwater, common stock.

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**Scarlett 2i2 USB-7:** As always, I so appreciate all your support and stay tuned for an incredible 20 growth episode on Wednesday, where we feature the incredible growth of Duolingo is Tik TOK account from nought to 7 [01:39:00] million followers. Stay tuned.