

Sam @ Levels: [00:00:00] when you're fundraising, you are a profit, not a missionary. you have the vision and you're trying to get people who already get it and are already bought in. one of the major mistakes that people make early on is they treat investor contacts like precious gems you should take as many meetings and do as many pitches as you can when we did some analysis on who are most. ROI, positive investors were, one of the biggest categories was early employees at Post IPO companies.

Scarlett 2i2 USB: Welcome back 20 VC with me, Harry Stebbings now stays guest. I heard on Tim Ferriss show and I loved it, but I thought, wow, there's so much more focused startup content that I really want to unpack here. So I'm delighted to be joined today by Sam core, cos co-founder and CEO at levels, the company helping you see how food affects your health with data from bio sentences, like continuous glucose monitors to date, Sam has raised over \$89 million for levels from the likes of Andresen Horace. Why Jeff Jordan's on his board found a collective breath, capital and shrug capital to name a few.

And [00:01:00] prior to levels, Sam founded two prior companies, car dash and Sightline maps.

Scarlett 2i2 USB-1: But before we dive into the show today,

Scarlett 2i2 USB-6: I love any innovative approach to venture and startups. And that's why I love arising ventures. There are a holding company that acquires tech startups facing difficulties, and they help them reach their true potential. The arising ventures team attack founders. They're not bankers, so they know what other founders really care about.

They've given many great businesses, a second chance at success like jive. Uh, business arising ventures relaunched after it shut down In 2021 arising ventures bought them out of liquidation, brought back key team members and took them from naught to 1 million error in just five months.

Thanks to arising ventures. Jive now serve some of the largest brands in the world. So if you will, tech startup is facing hard times. Arising ventures could be just what it needs to find new life,

And you can learn more and connect with the team@arisingventures.com forward slash two zero VC. After submitting your information, you'll hear directly from the founding [00:02:00] team within 24 hours. Go to a rising ventures.com forward slash two zero VC.

Scarlett 2i2 USB-7: Um, speaking of innovations in venture Carta is a standout Fund admin in venture capital is a nightmare. It's boring, it's tedious. And to be quite blunt, it's just a pain in the ass most of the time, but call to provide a better way to run your fund trusted by over 5,000 firms with over 126 billion in assets, they provide one click capital calls. I assessed over 300 fund accountants and tax ice bus, and they provide live interactive LP reports for your LPs.

It's a total game changer or a product for any emerging manager, raising a fund or any established monitor with Manny funds under their belt, but wanting the best product for their LPs. Head over to carta.com to check it out and find out more.

Secureframe Advert: And finally secure frame is the leading all in one platform for automated security and privacy compliance. Secure frame simplifies and streamlines the process of getting and staying compliant to the most rigorous [00:03:00] global privacy and security standards.

Secure frames industry leading compliance automation platform paired with their in house compliance. Bursts and former auditors helps you get audit ready in weeks, not months, so you can close more deals faster. Secure Frame uses over 150 integrations, built in security training, vendor and risk management, and more to make compliance uncomplicated, secure Frame makes it fast and easy to achieve and maintain compliance so you can focus on serving your customers.

Automate your security and privacy compliance with Secure Frame. Schedule a demo today@secureframe.com.

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

Harry Stebbings: Sam, I am so excited for this. I was just running on the treadmill. I was listening to you and Tim Ferriss and it was the worst episode to listen to running on a treadmill 'cause I was constantly typing notes, which is a great sign. But thank you so much for joining me first. Glad to be here. Now, I would love to start with a little bit of background.

I always find actually what people wanted to be when they were younger. Very [00:04:00] informative. When you were a child, what did you want to be when you

Sam @ Levels: grew up? My first real memory was I wanted to be a scientist. I was fascinated by biology and oncology, so I think it was a research scientist.

Harry Stebbings: were your parents pushing

Sam @ Levels: you to be a doctor? Yeah, well, I, I do have Jewish parents, so doctor, lawyer, were the, the default two choices

Harry Stebbings: but I wanna start with a story that Vinne at Loom told me. And he said that he encountered you one day in the street when you weren't with a home base, we should say.

you asked him if you could stay the night. Can you talk to me about our story, Sam?

Sam @ Levels: Yeah. It's from the perspective of Tom who was on our growth team. I had just landed in New York to spend some time with him and other people, and he asked me where I was staying and I said, I don't know, that's a like multiple hours from now problem.

And he said, well, what, what do you think is gonna happen? Like, what normally happens in these situations? And I said, you know, I'll run into a friend and then I can stay with them. Worst case, I get a hotel and then I. About 30 minutes later, I bumped into Vinne, walking through Washington [00:05:00] Square Park. he had just arrived.

He had an extra bedroom in his Airbnb. I asked him if I could stay there and that was it. And Tom, is absolutely convinced that I staged that whole situation, but it always happens that way. I'm convinced that the universe is conspiring in my favor. These things just happen all the time.

Harry Stebbings: Listen, after Looms acquisition, Vinne is now officially the world's most highly paid actor in that situation.

Yeah, totally. Listen, I, I do wanna ask it because, you know, being without a home base, it does, I'm sure, shape a lot of mindset. How did it inform your mindset in terms of not having that home base and being a lot more fluid in terms of movement and transportation?

Sam @ Levels: I think the biggest thing that it teaches you is that things are gonna work out okay people often overplan things.

And if you go with the flow make room for spontaneity. Really interesting things can happen. There's a whole practice of just saying yes to more things and just allowing events to unfold in whatever direction they're gonna go, and

just being comfortable with that. So I think being more mobile really enable [00:06:00] that.

Harry Stebbings: Can I ask you then, why do we plan?

Sam @ Levels: I think most people plan because the ambiguity of not knowing what's coming is stressful. I think I was probably in a very similar situation in a prior life where you plan every step. It's like, well, if we're going on vacation to Paris, we need to make sure that we have planned what we're gonna do every day.

Otherwise there will be nothing to do. But the reality is people do things there already. There are interesting spontaneous things that can happen just going on a walk and just meeting new people. I think being open to that is really the important part.

Harry Stebbings: I'm just pushing back here. This is why I love the show 'cause it's just like me just going off schedule.

Um, you are, you're an optimizer in so many ways. You totally can go to Paris and have a beautiful time, but you won't have the optimized time of the right gallery on the right day with the right guide if you don't plan. Does it not go against your optimization frameworks in

Sam @ Levels: mind? it depends on what you're optimizing for.

I think that's the ultimate answer. [00:07:00] If what you're optimizing for is to go to certain galleries, and the only way to do that is to plan three months in advance, then by all means that is the optimal way to do it. What you're optimizing for is interesting, new experiences that you wouldn't have had otherwise or meeting new and interesting people, then it's actually really counterproductive to not allow space for that.

When I was spending time in Europe, I was in Estonia I made friends with some random people that were just at a bar, I ended up going on a road trip with them for several days through Serbia, Croatia, and like slept on their couch. that would not have been a thing that I would've had the capacity to do if I was super fixated on what plan I had already.

Can

Harry Stebbings: I ask, has your flexibility of mind ever got you in trouble? Your spontaneous nature ever led you to, a precarious situation? I'm just intrigued.

Sam @ Levels: It's led me to some situations that I thought at the time were precarious, but it turns out most of these risks are overblown. The [00:08:00] risk of things like this is a real statistic. Say if you have a child, the odds that your child is kidnapped by a stranger is about the same as them getting struck by lightning. That is how rare these things actually occur. things like hitchhiking. Hitchhiking is actually not dangerous just as a probabilistic thing, but people think that it is because we've all like seen the serial killers who pick up hitchhikers, and it's ingrained in our memories.

We apply that model to everything else in the world when it really, ultimately the news is poison and it gives you a perception of the world that is not real.

Harry Stebbings: I'm always fascinated by attitudes to risk and whether yours has stayed the same over

Sam @ Levels: time. I think I've always been a fairly risk tolerant person, and over time as I've realized how many things feel risky or appear risky on paper are actually not as risky as people think they are.

Like, starting a company feels risky, but really what's the worst that can happen? it doesn't work and you feel like mildly embarrassed. the downside situation is not the worst thing that can happen. There [00:09:00] are many, many worst things in the world. I.

Harry Stebbings: I'm always intrigued on that one.

'cause like I meet founders who are more risk averse with time because they take on more cash, they have more employees, they have more customers. And so the weight of expectation really rests on their shoulders a lot more so than when you are no one or nothing.

Sam @ Levels: Yeah, for sure. When you have something to lose, it really is straight from the book.

The Innovator's dilemma, which is the more success you have, in theory, you should be able to take much larger risks because you have huge amounts of cash. You can take these moonshot bets, but people tend not to for some

reason, and this is just a thing that we've seen throughout all history. The more reputation you have, the more afraid you are of failure.

Which is ironic because it should be the opposite, but this seems to be just a default state of human nature. How important do you

Harry Stebbings: think luck is, Sam?

Sam @ Levels: I don't remember whose quote it was. Maybe, I think it might've been Vince Lombardi. He said, luck is when preparation meets opportunity.

In some ways you can create your own luck, there is definitely a degree of just probability[00:10:00] So luck plays a significant role, but if you are not prepared to recognize an opportunity when it comes up or you're not prepared for it, you're not taking full advantage of the luck that's made it your way.

I totally

Harry Stebbings: agree with you. Bloom actually did an amazing tweet on the four different types of luck and I, I thought it was actually a brilliant framing. Interesting. I'll send it to you afterwards. It's really fucking good. 'cause I hate the generalized Oh, luck is what makes it up. It's like, fuck that. I was in the gym training every day.

Yeah, exactly. For four years. You mentioned there like what happens, you know when a company maybe doesn't work out and we overemphasize how bad that might be. I really only like to invest in serial entrepreneurs, Sam, 'cause I think you do so many stupid things the first time around. And I want to talk about the stupid things you did first time around.

What are the biggest lessons from your prior companies that impacted how you build levels That one was from

Sam @ Levels: to give credit. After previous companies, I usually spend some time reflecting and writing on what the big lessons learned were. I would say from my last company, Kash, one of the biggest lessons that I [00:11:00] learned was the first time you, you're familiar with the Dunning Kruger curve of I

Harry Stebbings: am, but, but for those that aren't maybe listening, can you

Sam @ Levels: explain it?

Yeah. So the idea of the Dunning Kruger curve is, it's a U-shaped curve on the far left, on the, the x axis is how much you know, and on the Y axis is how confident you are that you know it. And so if you know very little, you tend to be very confident in how much you know, if you know a little bit, you realize how little you know, then at some point you actually become an expert.

During my last company, and this maybe ties into your hypothesis on this, is it was the first moment when I realized that I had maybe bottomed out when it comes to things like software development, that maybe my opinions are actually valid and I don't need to just defer always to the loudest person in the room because it was a regular recurrence that we had a loud person in the room.

We said we should do it this way. And I said, well, he seems to have very strong opinions on this, so we'll go with that. And then six months later it's like, I knew it. This is a huge [00:12:00] problem. Now we have to fix this and it's my fault. I would say that was the first moment when I realized that I actually have some valid opinions.

Another really big reflection, and this is something that I recognized while I was at the company, not just in retrospect, was I had really failed at an important value around ownership. there was a specific moment when Yan, who is our CEOI was the technical co-founder, CTO. He and I had a disagreement about the path forward and I was unable to fully get behind it to disagree and commit.

And so when people would ask me, what do you think about this idea? I would say, well, you should ask Yan. Or like, Yan thinks that we should do this. And I wouldn't say like, I'm on board with this. This is what we are doing. It was more like, this is what he wants to do. And he actually called me out on it, He pulled me aside. We went on a walk and he was like, you can't do that. We have to be on the same team. if you're not, that's a huge problem. that was a big reflection, was just realizing that there's a point at which, you know, you can disagree behind closed doors, but once [00:13:00] the path is defined, which is defined by the CEO, you've gotta get behind it or you've gotta leave.

Frankly, like if you can't get behind the idea and you can't get behind the path forward, you should probably leave the company.

Harry Stebbings: I don't agree with disagree and commit if you're a co-founding pa. I just think it's too difficult on large strategic things. I think it's too difficult if you disagree to commit fully, to commit to do it.

1:00 AM to miss your friend's birthday to miss if you don't agree with it.

Sam @ Levels: I think the answer is then you have to leave. Like starting a company is not a suicide pact and you're not committed for the rest of your life. If ultimately you cannot get behind the idea, you have lost confidence in the CEO of the company and you're probably better off working somewhere else.

What was the

Harry Stebbings: hardest thing about moving from technical co-founder to CEO?

Sam @ Levels: I'd say probably the hardest part was the lack of clear feedback loops and deliverables. That was one of the strangest things was when you're a software developer, especially if you're a good one, you're shipping a lot and you can see the immediate impact of what you're shipping.

You see people using [00:14:00] it, you get feedback, you iterate on it, you improve it. There's just this constant delivery pipeline. When you're the CEO, you have a 1% impact on everything, but you have almost nothing that you can actually point to as your own work product. I was reflecting on this with my co-founder, Josh,

and just having this recognition that we have our Friday forum where we celebrate all of our wins, and I very rarely make an appearance as a person who has an attributable win.

Harry Stebbings: Why do you do that? Cool. If you don't mind me asking, I, I find wins quite uncomfortable. I don't want everyone to get complacent. We're still behind other people in media, in funds. Why do you do it and what would you advise founders around that advise me?

Sam @ Levels: I think it is incredibly important for team morale to see forward progress.

If you only feel like you're failing and losing all the time, people will get demoralized. And winning is an intoxicant in terms of morale. And if you see forward progress. People get really inspired and [00:15:00] motivated to push even harder. But if it feels like you're just failing and losing all the time, it gets really demotivating.

I agree with you on

Harry Stebbings: the forward progress. I tweeted recently that little and often is my secret to retaining great talent. And what I mean by that is you have title and salary and I increase them separately, but little and often to create that kind of feeling of forward momentum more frequently. Do you have any lessons on what it takes to retain the real best, like I said there, are

Sam @ Levels: there any for you?

this is maybe a slight tangent, but we, we've done away with titles beyond just functional definitions like engineering product. Why

Harry Stebbings: did you do away with

Sam @ Levels: Title Sam? This came from a conversation we had with Darren Murph from GitLab, he had a statement that really caused me to rethink this whole concept of title.

So we're an incredibly transparent. Company. post all of our investor updates publicly online. All of our team, all hands are publicly posted online one of the things that he said is that titles are a form of [00:16:00] compensation and we share.

Basically everything, including all of our one-on-ones and team meetings are all shared within the company. So you can see all of the one-on-ones between every other person at the company. Performance is shared within the company, so you can see who is not meeting expectations right now, who's delivering a lot of value.

The only thing that we don't share is compensation data.

Harry Stebbings: I think people are their best selves and can truly be honest when they feel safe. If me and you have a one-on-one, I don't feel safe. If it's transparent, I can't be vulnerable in many ways.

Yeah,

Sam @ Levels: It's shared by default, but again, this is not a suicide pact. if you say something that you don't want shared to the rest of the company, you don't have to share it. And so there are certain personal things that people don't want shared and that's totally okay.

But there is definitely some degree of vulnerability that is required to be comfortable with the people that you work with. It can really only be done in a place that has very high trust.

Harry Stebbings: And then, sorry. I'm sure manning you here. I think that's the term. Uh, if it's not, I like it. Okay. Uh, and then [00:17:00] performance.

If someone's not doing well, it can then lead to other people losing faith. And if that's very visible, they don't need their teams to turn against them in real time as well. They know that they're not doing well. If they're really bad, their teams will reject them like organ rejection. But does it not create teams turning against people potentially prematurely?

Sam @ Levels: So I think the answer is, it depends a lot on what sort of team you've built. If you have built a team with very high trust, I can tell you how this happens in practice, a common heuristic that we use is the keeper test from Netflix, which is you often do this role playing with a manager and you say, close your eyes.

Imagine you have somebody named Mike on your team, Or just even imagine a specific person on your team that you have questions about. And imagine I'm that person and I come up to you and I said, Harry, I have some bad news. I've decided that I'm not happy here. I've just accepted a job at Google.

And then the question is, how do you feel right now? And if the answer is relief or like excitement, that's a very [00:18:00] bad sign. You should feel very concerned what did we do wrong to lose this person? You should fight really hard to keep this person. If you feel anything other than that, it's a problem and you should probably consider letting that person go.

So if you are not

Harry Stebbings: sure,

Sam @ Levels: If you're not sure that's a bad sign. And we tell them directly. I had a one-on-one two weeks ago I said to somebody on our team, I said, I did the keeper test exercise. Right now, you do not pass the keeper test. If you were to leave, I would feel kind of indifferent neither of us want that to be the case.

we need to figure out how to get you to the point where I am excited for you to be here and where I'm confident that you're contributing value. And that meeting is shared within the entire organization. And I can tell you in practice,

I. There's the like, worst case scenario, fear of everyone's gonna turn against 'em and like there's gonna be all this politicking and backstabbing.

The reality is what happened is people saw the video and several people said, Hey Sam, you might not know, but he's been helping me on these projects, and he is [00:19:00] been a huge contributor. And then other people said, Hey, I can help mentor him to develop these skills that are gonna be really important to get him to the point where he's able to contribute So in a high trust culture where people are supporting each other, usually the opposite happens. If you've built the right culture, people support each other. And I would also say that one of the other notes that you had of people know who the low performers are, they actually very often don't, the people who work directly with them, maybe like the two or three people who are closest to them know, but everyone else at the company, if they end up leaving, it's a complete mystery why they left.

If you have an engineer depart, somebody in operations had no idea that this person was a low performer. They don't even know what it would mean to be a low performer. 'cause it's not in their industry. So having these things out in the open, it both enables people to be much more supportive and positive, but also, I would say increases trust in transparency across the company.

Harry Stebbings: how big is levels today? People wise? We're about 50 people. And everyone passes The keeper test. Yeah. When does quality begin to [00:20:00] degrade? And maybe you can argue with me here, I love it. Again, debate. It's the end of the day, it's dark. Let's go per the present for your little one's coming so you can, you know, forgive me after this, but my question is like, at some scale you cannot only have a players 500, a thousand, 200, whatever that is.

The definition of an A-player by definition is they're rarer. When does quality begin to degrade, do you think? And how do you think about that looking

Sam @ Levels: forward? It's interesting to think that like the keeper test is something that we got from Netflix, which is a much larger company.

And I'm sure they developed that heuristic at some point beyond our current scale. I think in many ways there's also a u-shape to this, where in the very early days, sometimes you just hire the best person that you can get because you don't have a lot of choices. And then over time, as you see some amount of traction, you can attract really incredibly exceptional talent.

Then at some point it does appear that the talent bar decreases. And I think some of it is just that you end up hiring effectively commodity roles where you're just like, we need a [00:21:00] hundred engineers, as opposed to like, we need this specific person. that's around the time when it happens.

Harry Stebbings: I do wanna ask, you mentioned trust also quite a few times. Can trust be regained once lost in teams or is once trust gone, it's gone?

Sam @ Levels: the answer is yes.

Is it likely? No. I can give you a good example of how we rebuilt trust for a lot of these things. So we've had two cycles of transparency. The first one was sharing a lot more information publicly, sharing a lot more information within the team. This would've been in 2020. the two exceptions that we made were compensation and individual performance.

So we kept those two secret. So one-on-ones were secret. If somebody was failing, it was secret. And when somebody would depart, they would write their own definition of why they were leaving, like leaving for personal reasons, leaving for whatever It actually created a tremendous amount of distrust within the organization.

People would be very skeptical of like, wait, why is so-and-so leaving? And they just didn't have enough information. it created a lot of [00:22:00] distrust of our team and our culture by not being transparent about it. And then a couple years later, we had this next cycle where we just increase transparency even more.

One-on-ones are now shared. performance reviews are all shared. the risk that you run when all these things are shared is if you have a culture where everyone is political and nobody trusts each other, it's all gonna fall apart. But the nice thing about companies as opposed to things like countries, is you get to choose who's at your company.

And if you see a performance review and you're like, this person is politicking, you can fire them. And you can just choose to only have people who operate in good faith and who follow the system that you've put in place.

Harry Stebbings: and, and like families. Sadly, you can't fire them despite many attempts on my behalf.

I'm lucky they don't listen, but I Perfect. Kind of tangent that kind of takes us to the next topic, but you mentioned that kind of the transparency around everything. I have another disagreement, fundraising transparency, yeah. Is a real challenge for me because teams get caught up in it.

Oh, we're gonna raise around and then if it takes longer, if it [00:23:00] doesn't happen, it can create real morale challenges. How do you think about transparency on fundraisers and the challenges associated?

Sam @ Levels: if you've built up enough social capital internally, you've built up the trust bank with enough credibility that people know that you're not lying to them, then it's totally fine and it's never been an issue.

If people get the sense that you're gaslighting them because you're selectively sharing information, that's when you run into real problems. this was really something that was aggressively pushed by somebody early on at levels where they were at a company that seemed to be doing extremely well on paper, but they never shared financials.

They never shared anything. one day the company just died and the CEO just announced like, yep, we ran outta money. Everyone's fired and he said, I don't wanna repeat that experience. People should know the financial state of the company. People should understand what's going on because people can contribute to these things.

I always try to look at what is the best thing that can happen. I would reframe maybe something to think about [00:24:00] for these things is like instead of thinking if everyone at the company is super political and wants the worst for the company and only what's best for them, if you have a bunch of difficult people who are gonna make your company building really hard, if you only have those people, what could happen?

Versus if everyone at the company wants what's best for the company and for everyone else here, what's the best thing that could happen? And what you often find is that the best outcome is the one that actually happens if you have the right people.

Harry Stebbings: on the fundraiser itself, you took a very. It's kinda strategic and deliberate approach to it. And so I just wanna ask first, how did you approach the fundraiser? What worked and what didn't? Because we met in your fundraiser, didn't we? Mm-Hmm. We did. Yeah. I, I have to admit, it was a bit of a fucking mistake, wasn't it?

Some things you keep in and some you take out. I'm actually happy for that to stay. Yeah. By the way, I loved you. I just worried that churn is

Sam @ Levels: real. Oh, I mean, churn is still very high. It's like we have 25% [00:25:00] retention, which is not what it needs to be furthest to work in the long term. So we've got a lot to figure out.

Harry Stebbings: That's fascinating. And people will be interested by it. Do you not worry that growth investors will hear that and go, woo. That's worrying.

Sam @ Levels: I mean, they're gonna find out about it one way or the other. It is the reality. So it is a number that's, that's been slowly creeping up.

It was 20%, now it's 25%, our target is 40. We just have to figure out how to get there.

Harry Stebbings: So how do you create ongoing example before we do fundraising? I'm just interested with like levels. You know, once you know your kind of patterns, X is good for me, Y is bad for me, it's like a bit like Aura. You hear Aura have a lot of problems in terms of like, oh, I know drinking is bad for me, da da dah.

How do you create recurring patterns when we are quite predictable

Sam @ Levels: humans? That is definitely the core challenge of the product that we've gotta figure out. I think some of it is around accountability and goal setting. The people who stay the longest, they value the accountability of the tool more than they value the discreet learnings of each step.

So we'll [00:26:00] use the aura example, if you value keeping you accountable. To getting to bed on time and getting good quality sleep more than you value learning that alcohol is bad, then you will tend to stay retained for longer.

Harry Stebbings: No. Okay. But on the fundraiser itself, talk to me, how did you approach it and what worked

Sam @ Levels: and what didn't? The things that worked, we approached it by casting a very wide net, so we spoke to a lot of people. I think one of the major mistakes that people make early on is they treat investor contacts like precious gems and they're afraid to talk to an investor until their idea is fully baked and provably the best thing ever.

The reality is that you have more than one shot on goal, and there's actually, in my experience, there's nothing better than, say you have a conversation with a growth investor and your retention's only 25%, and they say you've gotta get that number up, and then six months later you say, alright, it's now 40%.

And they go, wow. That's real progress And I think it was Mark Suster who has the piece investing in lines, not dots. And I think most founders treat [00:27:00] each fundraise like a dot rather than a trend line. a lot of the people that we raise money from are people that I've known for 3, 4, 5 plus years.

And I think this also maybe ties into the serial founder dynamic is when you've been doing this for a long time, you have hundreds of contacts in all of these spaces and you know who to talk to. You also know how to do the pitches. It's just way easier to do it. Whereas a lot of early founders, they know one principle.

At a second or third tier firm and they're terrified to even bring this up to them because they might say no and they might never get another chance to fundraise.

Harry Stebbings: So you mentioned second or third tier firm there. Often we hear, you know, when you are going out to start a raise, go to the third tier firms first 'cause you want to kind of kiss a couple of frogs before you meet the prince.

Do you agree with that or do you think this is too much of a gamified approach of fundraising?

Sam @ Levels: you should take as many meetings and do as many pitches as you can, the feedback that you'll get from really good investors tends to be really positive. you will learn from people who have way more exposure [00:28:00] to your market category than you do.

I cannot even count the number of first time founders who have what they think is this incredible idea. And then they get to their first investor pitch and they say, yeah, you know, it sounds like these five companies that we passed on, why are you different than them? And then go. What five companies

Harry Stebbings: do you not think that's a poor quality founder?

I'm like, if you don't know your market, like if you were to ask me about fund or media competition, I could tell you everyone breaking down by pros and like that's just a

Sam @ Levels: bad founder. I would say an inexperienced founder may be more than anything, but the reality is that VCs or investors broadly just have way more exposure. If you are a founder and you're working on your one company for five years, you don't know what's going on outside of your company. You don't have the capacity. You're not getting pitched new ideas five times a day for five years. So you have way less exposure to what's going on in the world, and so when you start working on whatever your next company is, you don't have the benefit of having been pitched a thousand times and so you're necessarily [00:29:00] limited.

What do you think

Harry Stebbings: about leads most of the chat going to a lead versus a much more distributed round?

Sam @ Levels: the answer is that there were trade-offs and you have to pick which trade-off works for you. There is more overhead. Our first couple rounds were primarily operators and angels, and that ended up delivering a tremendous amount of value for us.

I knew that there would be a lot of things that we needed from our investors when we were really early and that there was a tremendous amount of value that is untapped in all of these angels and operators. Before we had our first institutional capital, I think we had about a hundred angels and operators that were investors that we were able to tap pretty consistently for the first couple years.

Harry Stebbings: I've tweeted before about, I think that it's great to have these names, but very, very few actually extract the value that they want or need from them.

How do you think about extracting that value from them in the most efficient way when you have a lot?

Sam @ Levels: Probably the easiest place to start would be what doesn't work and what doesn't work is usually the default behavior of all founders. [00:30:00] So this is what I would say does, which does not work, which is don't assume that your investors can read your mind.

Don't assume that they have as much context on your business about what your business needs are as you do, because they spend An hour a month thinking about your company and you spend all day, every day thinking about your company. I would say another thing that doesn't work is passively criticizing your investors for their lack of engagement, if you haven't even bothered to make an effort to engage with them.

It takes real proactive effort to be able to get the value that you want to get. So I find

Harry Stebbings: that often founders don't know the value that I can provide. And what I mean by that is like you say, you have a sales pipeline, okay? Or a partnerships pipeline, maybe for you, maybe you don't know that I went to school with the CEO of GoPro totally.

Or that I am Brother-in-law to the head of X, And so how do you open share what you need to a hundred people in an effective

Sam @ Levels: way? two ways to go about this. So I guess we'll say on what does [00:31:00] work, this is probably the simplest one, and it is where almost everybody fails, the first and most important thing is you need to know what you need.

If I say, how can I help? And you say, I, I don't know. You've already failed. You need to have a list of things that you and your team need help with, because you'd be surprised at how often people can deliver. I think that's the first one is just you have to know what it is your needs are. And so you

Harry Stebbings: have a Google sheet that you share at the bottom of an update saying, this is what we need.

Sam @ Levels: Yeah. In our investor update, we have an asks section things that people on our team need or things that the company needs, and very regularly get conversions from those, from the broad outreach to our investors. the highest leverage ones tend to be more specific. a, a well-written request to an investor is, I.

Highly targeted, if you're sending too much noise and not enough signal as your requests, it'll eventually just get filtered out and ignored. So knowing who may be able to connect you with [00:32:00] somebody or who may be able to convert on a request, try to keep it very specific and also time bounded.

I always try to imagine myself in the investor's seat when I'm writing one of these. I try to imagine if I was to receive this, could I respond to it in one minute or is this something where I now have to do a bunch of work to try to interpret what the request even means? And I try to also be specific where it's interesting the the difference between saying, Hey, we're hiring a designer.

Let me know if you know any good designers. You tend to get like a 0% conversion rate from that. But if you say, I'm looking to meet more designers, can you connect me with the two best designers you've ever worked with? People immediately think, oh, I know these two people, I'll connect you with them right now.

And so the more specific you can get, this ties into, uh, chunking bias, which is a, just a cognitive bias of how our brains work. If you can get something really concrete and easy to execute on, your conversion rate goes up a lot. I think we've had something like more than 3000 specific investor asks that I've sent people, and I think our conversion rate [00:33:00] is maybe 50% from that group, but pretty high.

Is that good do you think? Yeah, I think there are things that some people just aren't going to be able to deliver on, and that's okay. But ultimately, I would guess from the exposure that I've had to other founders, that they probably send something in the range of five requests per year. And so something in the range of 1500 conversions is probably a lot better than is average.

So, you know, in terms of what the hit rate is, it's maybe lower than average, but you end up getting a lot more value from it.

Harry Stebbings: I find that when it comes to like sales pipeline in particular, share a Google sheet with the companies that you wanna speak to, the specific person within the company. Yeah, hyperlink.

Hyperlink their LinkedIn. So it's super easy for me to go, oh shit, actually I do know three people with him. And then also say like, Hey, put your name alongside it so that people know that you've got it and no one else does. And what you create then is this like social competition dynamic of, geez, Sam is really good, huh?

Yeah. And then when I'm another investor, I go on that sheet and I'm like, shit, I should bring Sam into more rounds ' How [00:34:00] do you create that accountability dynamic within value add?

Sam @ Levels: Yeah. I think even beyond that, even more work you can do is you can go into each of their LinkedIns and find all of their mutual connections with anyone at this firm, and you can say, we think these five people would be the best contact, and you are one degree separated from them.

Could you reach out to any of them and help us get one step closer? the more work that you are willing to do for them, the higher likelihood that they will be able to deliver on it. always have a clear understanding of what it is that you need as a company. I would say another is setting clear expectations early is another one that I think people miss out on, they just take money from whoever's willing to give them money.

But the reality is that not everyone is going to deliver value. If it is really an expectation of you that your investors will be engaged and respond to your emails and participate to some degree, you should set that as a clear expectation this is what we expect from our investors. If that's not you.

Totally okay, this is probably not the right company. Do

Harry Stebbings: you [00:35:00] agree with VIN or Coast that 90% of VCs actually detract

Sam @ Levels: value? We interact with mostly operators and angels, and so I'm not sure they even really qualify as VCs and they've been super value additive and the only real institutional capital that we have we work with a 16 Z they have this whole services model that's been incredibly high leverage.

They have a tremendous number of operating partners. We did analysis. I think our team has extracted value from, I think more than 110 of the operating partners from the Andreessen team. pretty aggressive about finding ways to get value there. Value

Harry Stebbings: add teams in venture platforms are actually pretty looked down upon if we're being honest.

Yeah. Do you think that's incredibly unfair, why do you think that is, given the value that they're providing to you?

Sam @ Levels: Part of the answer is Most firms are not good at it. most firms, they understand when they talk to founders, they say that it's the thing that they want, but they're not very good at delivering on the value.

not a controversial statement to say that the A [00:36:00] 16 Z team is the best in the business at doing this. Why is that?

Harry Stebbings: Is it the depth? Is it the breadth? What is it that makes them so good?

Sam @ Levels: a big part of it is, at least within the health and bio vertical, they have a BioHealth hub, which is a Notion doc that just has all of the services that they offer. if you need to do an executive comp study, we can help you with that. If you wanna put your general counsel on an email list with other general counsels in the category. Add them to this list. If you want marketing leaders on a list, you can put them here. They have all of these services that are available to you that can prompt more discoverability on what they're able to do.

So first of all, they have a much larger operating team than other firms, but there are also some smaller firms that we've been able to get a ton of value from. So one is trust ventures. and they're much more focused on regulatory. And so whenever we have a regulatory strategy question or something that's a little bit more nuanced and challenging, they've been incredibly valuable in thinking through these things.

What was the [00:37:00] best

Harry Stebbings: first meeting you've had with an investor?

Sam @ Levels: The ones that go well are the ones where I can tell they immediately understand what it is that we're going for. when you're fundraising, you are a profit, not a missionary.

you have the vision and you're trying to get people who already get it and are already bought in. You're not trying to convert people to your religion. It is an uphill battle when you're trying to explain to an investor and they just don't believe that there's a market. Trying to convince them that there is is an uphill battle.

It's probably never gonna work, and it's gonna be a lot of toil. And so finding the ones who, they've already done the research, they're not taking this meeting as like a random thing of, oh, well, you know, I gotta fill up my 9:00 AM slot. They're taking it because they're already looking for a company in this category because they've done their homework and they get it.

And so I would say the best meetings are the ones where the, and this is a, an interesting thing is. We share a lot of material in advance of these investor meetings. what's so fascinating is you would assume that the people who have the most time to read through these things are like the principles at the lower tier investors because they have lots of time.

The reality, when [00:38:00] we did our series A raise we can tell because you can see in notion who reads everything. The people who were most engaged was Mike Al at Sequoia and Jeff Jordan and Andreessen. They read every document. Jeff actually even fixed some typos, like deep in like a 50 page document, most of the other people, they would skimm it or they wouldn't even bother reading it.

And then they would come to the meeting and ask very basic questions that were all answered in all the material I already sent.

Harry Stebbings: Okay, so I interesting questions here. I say actually if it's like early, early meetings, don't send it ahead of time. 'cause generally investors look for reasons to say no. you know it's gonna be a retention problem.

And they come in with a preconceived notion of, oh, it's healthcare. Oh, it's consumer hardware. And actually let me just sell you this pen and I can bring you the energy that a slide deck can't do.

Sam @ Levels: I hear you. I will say that the number of investors available is effectively infinite.

And the amount of time that you have to pitch people is finite. And so if you can get them to say no before you have to [00:39:00] spend any time with them, that's actually a win, not a loss. If you can send out enough information and the only meetings you take are the people who get it, who are the most excited and motivated to meet with you, who have already done the homework.

So you don't have to repeat yourself and do all the stupid bullshit of Hey, what? What is your revenue? I already sent this. It's like, well, what's the total adjustable market? I sent you a whole memo on total. Did you not read it? I can just read out loud all of the material that I sent to you, or you could just read it it's up to you.

Harry Stebbings: Should you speak to associates?

Sam @ Levels: I would like to believe that the answer is yes, you should. I can tell you in practice. I have friends who are associates and principals at these firms, I've tried to get a meeting with a partner through them, and I shared with the principal a whole bunch of information and they got super excited.

They shared it with the partner. The partner said no, two weeks later. I meet with a partner and they have no recollection that the principal shared any of this information with them. I don't know even what role they play within these firms. So I think it would depend a [00:40:00] lot on the firm.

it's not a knock on the principles. It seems to be more a knock on the industry and how principals and associates function within them.

Harry Stebbings: I mean, generally speaking, being in the industry, there's kind of two functions or two types. One is like the research person who is just incredible depth and analysis, post meeting, benchmarking, landscape analysis, you name it.

And the other is outbound sales prospecting. We can't miss anything, be at all. The drinks parties be at all the events, nothing gets missed. Those are the two types that I find. Can I ask on the operator side, how did you approach minimum checks? Sometimes people put in minimum check sizes. How do you feel about that and what advice would you give given collecting the best?

Sam @ Levels: if your goal is to build an army of angels and operators, the minimum check size is much less relevant.

And I think exactly to your point, when we did some analysis on who are most. ROI, positive investors were, one of the biggest categories was early employees at Post IPO companies. And these are people who have [00:41:00] some amount of capital but maybe, you know, five, \$10,000. But they also have a lot more capacity to help, and they also know more people that are on the front lines.

If you need to hire somebody who is a really good designer, finding a design lead who is an early employee at a Post IPO company probably knows. 10 or 20 really good designers, some of whom might even be looking for their next role. And so for a \$5,000 slot in your cap table, you can get a tremendous amount of value from it,

Harry Stebbings: Sam, you are Mr. Transparent. If my question is not followed by a name, it is political. What was the best first investor meeting that you had?

Sam @ Levels: I think the best first investor meeting that we had was with Mosha Litz. he immediately understood the value of what we were doing, and I think it unlocked some of the theater and salesmanship that we ended up using in all of our following pitches.

this was the first pitch where Josh, my co-founder at the start of the [00:42:00] meeting, drank a green juice called Health Drink on the cart. halfway into the meeting, he just showed his glucose numbers and showed it just rocketing up during the meeting. And you could just see it in the eyes of Mosha and the other people in the room this is amazing.

I want to get one of these. And they totally understood the value proposition. one of the other things is you've gotta try lots of different things when you do these investor pitches. If you only have one deck with one pitch, you're doing it wrong. You've gotta try different avenues of attack, you've gotta try different language, you've gotta try different pitches.

To determine which of these work and eventually you narrow in on like these three talking points always work and then you get really good at it. How important

Harry Stebbings: is theater, like you said there, kind of the exhibition of it, it's a performance in some ways. Totally. How important is that versus No, no, no.

Natural and discussive conversational.

Sam @ Levels: I think it's gonna depend a lot on the type of business that you are and what stage that you're in. Yeah. I think if you're trying to pitch a big vision for the future, theater is [00:43:00] absolutely critical. If you are a B2B SaaS company with like very consistent growth numbers, that's super boring.

All you really care about is cocktail tv and that should just be your only slide here's our cta, LTV, and here's our growth rate. And we expect this to continue indefinitely.

Harry Stebbings: When you look at the investors that didn't provide value, what is the reason that they didn't? Do you think

Sam @ Levels: I think some of this just maybe ties into, maybe we'll go back to the Vinod comment of like, some of them just aren't good.

Okay.

Harry Stebbings: So when you look at that, some of them just Aren, listen, it always happens. You have people who you thought would add value and don't end up. Yep. What did you get wrong there?

Sam @ Levels: It's a question of how much time are you willing to invest in having a 0% failure rate? you're going to have some failure rate.

We keep track of all of these things on how many emails we send, what the conversion rate is on those requests, we have several people on the list that I've sent them 17 requests and they've converted on zero of them set very clear expectations before they started. And they're like, oh yeah, we're [00:44:00] super engaged.

We're gonna help you with all of these things. And as soon as they get allocation, they just ghost you. some percentage of people are like that. In theory, I think what I could have done. To verify that they would be value add I could have gone to other companies that they've invested in and I could have asked, but is it worth it for a \$25,000 check?

Probably not.

Harry Stebbings: The one that I do say like one that is worth is literally if you have half an hour, go to Crunchbase, go see their other range of investments. If they do many and if you've got a good founder network, like I'm sure you do. Yeah. Or many serial founders. I mean, if it's the case of just WhatsApp and Yo Moshe, is he good?

Great. Love him, eh? Do you know what I mean? Like you'll get answers very quickly. Yeah.

Sam @ Levels: I think it's a question of where the ROI is on those, if you're taking on a board member, you need to do the amount of diligence that you would do if you're considering marrying this person. What did you do for Jeff then? We did a lot. So there are a lot of people who have direct exposure to him

And everyone had just overwhelmingly positive things to say about working with Jeff.

Harry Stebbings: Do you worry that with someone like Jeff, [00:45:00] he has such weight to his words, he's seen so much bluntly.

Who are you to say, ah, Jeff, I, I appreciate your opinion, but you are wrong and I'm gonna do something different. Do you worry that it's too easy to just succumb to what they say, even when they might be wrong?

Sam @ Levels: I think for maybe early stage founders, that is a very serious risk. once you've been around for long enough.

You realize that nobody knows anything. They don't know anything. You don't know anything, like you're just making your best guess. And so you should always take what they say seriously because they have a lot more exposure than you do. But don't take it like it's gospel because there's a pretty good chance they're wrong.

There's also a pretty good chance that you're wrong. So you just need to figure out how to get those cycles as fast as possible. there are some investors who have different reputations, like Keith from Founder's Fund is known for being pretty full contact, I talked to some people who really did not like working with him, but they didn't like working with him for reasons that I would actually enjoy working with them.

He's very direct. He doesn't hold back. And some people don't like that level of just direct [00:46:00] communication. I actually vastly prefer that over the more passive hands-off approach.

Harry Stebbings: I think honestly, the best people do. I, I've, I've spoken to Keith many times about this by the way, and we're just like, yeah, but they're just not the best.

So I, I mean, I can sugarcoat it and say it's great, but, you know, 3% retention and, nah. Great. Speaking of ROI on time, you are optimized to the extreme. We mentioned the Tim Ferriss discussion. I think a lot about like high performance and what it actually means to me and it changes over time.

What does high performance mean to you, Sam?

Sam @ Levels: I think a plausible definition might be the ability to deliver on what objectives that you set for yourself. you call a shot and then you deliver on that shot. It means that you're right a lot. But then again, you could set the wrong goals if you're delivering on the wrong goals.

Is that technically high performance? would say probably not. So performance in many ways is just winning. It's on being right a lot. That's what high performance means. I often

Harry Stebbings: find like [00:47:00] actually you just underestimate yourself a lot. If I was setting goals for myself, I would not have thought that I could be where I am now.

how do you think about actually you'll consistently underestimate yourself?

Sam @ Levels: I think some of it comes from fear. people don't like failing at things.

it's something that holds people back on really just their entire life trajectory is this fear of failure being perceived as a failure. And so you can set much more cautious goals of slight incremental things that you can count as a win. But ultimately, A lot of these things are much less risky than people would expect, and so taking the really big swing, even if you fail, you will have learned so much more than if you take the easy path of like getting a job at Google or working at McKinsey or something along those lines.

Harry Stebbings: For someone listening today who wants to get more out of their time, what would you say that they should do? What have you done that was actionable, that allowed you to get more out of the limited time you

Sam @ Levels: have? if you're to talk about first [00:48:00] steps, it's knowing how you spend your time now.

if you wanna get more out of your time, where is your time going today? Okay. So we do a calendar audit. Keep track of just how you spent your time. There are some tools you can install that are helpful. I think Rise is one, rescue Time is another, or you can just do it manually.

I still just do it manually. If I spent an hour on email, I have a one hour and block that I retroactively update for email, just keeping track of how you spend your time is really important. what I discovered the first time I did this I don't know, eight years ago I was spending way more time on Facebook in social media than I was expecting.

If you had asked me to make a prediction, I was at, I don't know, it's like 20 minutes a day. It was really like three or four hours a day. I had a problem and I did not recognize it. Every time I would walk. in between things, I would just

quickly do some scrolling on my phone. I had this compulsive twitch when I would open Chrome, I would do Command F return and I would just do it compulsively and I would open Facebook without even realizing it.

It [00:49:00] wasn't until I installed a website blocker and I would just kept getting this like website blocked, It's like, oh wow. I just compulsively opened Facebook without even realizing it. recognizing how you're spending your time is really the first thing. It's just knowing where your time is going.

If you can do that, the rest of the stuff is actually pretty easy. Okay, so

Harry Stebbings: we do that. We analyze the time. We have this breakdown of how we spend our time across these different activities. What do we do then and what's been the most impactful for you?

Sam @ Levels: one of the biggest is using your calendar as your primary to-do list.

That's probably the biggest unlock for me in terms of just being realistic about how much I can deliver in the course of a week.

Harry Stebbings: And so that means if you have to write the investor update, you'll block out that time in the calendar very clearly. What happens when things take longer when emergencies happen?

'cause I do this too, but then there's a deal on, and that whole morning set for size of the investor update, that's diligence and reference calls.

Sam @ Levels: I think the answer is you have to create some amount of extra space in your calendar that buffers any changes. There's nothing worse than one slight [00:50:00] change happens, and then you have this cascade of everything gets pushed out for like two months because you had one small change.

I think it'll depend a lot on how variable your schedule is. I think in the investor world. It's more variable because it's like the hurry up and wait dynamic where it goes from, nothing's happening to all of a sudden we have to sprint for three days. creating maybe 50%, maybe even 75% open space in each given day.

And then if you have time, it's way easier to pull something from tomorrow into today than it is to push things back multiple months.

Harry Stebbings: Can I ask you, do you worry about having a child? And what I mean by that is like, you know what? They shit on you at 3:00 AM You lie in as a result and miss the 7:00 AM meeting or whatever that is.

they create just time sinks. Yeah. I love your time blocks intensely, Sam. Good luck.

Sam @ Levels: Do you worry about that? It's interesting because in theory you would think that's the case. I would say in practice, every friend that I know who has had children ends up becoming [00:51:00] more scheduled. They end up taking scheduling much more seriously because their time is so much more limited and they have to be very, very intentional.

What elements

Harry Stebbings: of parenting are you nervous about? I. I'm nervous about being mediocre, if I'm honest. We're both fucking machines now. When you've got a kid, you're tired, your mind is on, like they're not gaining enough weight in the first six weeks.

Your wife is like, I don't like you anymore, as worries me. Like, what are you nervous

Sam @ Levels: about? I'm most nervous about my ability to stay present. I have a maybe a 15 minute attention span when I'm spending time with other people's children. There's, there's only so long that I can find it amusing to play with a 2-year-old, that's probably my biggest concern.

I've been told from friends of mine who are on the other side of this, that when it's your kids, it's just totally different and it's unexplainable.

Harry Stebbings: It's actually very variable. As a professional interviewer, I can tell you, 'cause I asked a lot of people, very variable, and it's binary one, it's like it's so magical and it's so different, which I totally believe and see.

And the other is there are [00:52:00] phases of your child's life you'll engage with more actively. Yeah. And a lot struggle with the naught to four. Yeah. Or naught to three, where it's just less intellectually stim, you can't have any form of conversation. I think it's like being willing to accept the imperfection of

Sam @ Levels: stages.

definitely. the only thing that really concerns me in any way is just being able to manage that dynamic. Do you worry about the relationship

Harry Stebbings: with your wife changing?

Sam @ Levels: if you don't worry about it, you're fooling yourself because the statistics are very real.

I wish I could remember the exact number, but. Something in the range of 80% of people say that their marriage is worse after having kids. knowing that that is a very real phenomenon and trying to get ahead of that, I think is super important. coming up with routines to make sure that you don't lose that level of engagement, I think is gonna be really important.

Harry Stebbings: Do you have any in mind that will help?

Sam @ Levels: do a weekly date night, which we have scheduled on Wednesdays. We do also, every Saturday we have scheduled family priorities we have a running notion, [00:53:00] doc of logistics, things that we argued about that we want to talk about, dedicated time just to us where we're present and talking about what's on our minds.

as the empty space is harder to fill with time for each other, you have to figure out how to make that work.

Harry Stebbings: You are a very strange personality. And what I mean by that in, in the nicest way is like you have this spontaneous, I'm gonna travel, I'm gonna stay with, uh, a friend on their sofa and not book a hotel.

And then you also have this incredibly rigid optimizer mind of, I'm gonna do notion docs on what we discussed last time and didn't reach a conclusion on, do you see that weird dichotomy in yourself?

Sam @ Levels: I actually don't think of it as a dichotomy I think there is a larger principle that explains all of it that most people struggle with, which is I try to be very intentional with my time.

most people are not very intentional with how they spend their time, but that

Harry Stebbings: goes against the spontaneous. Going back to what we've said, if you go to Paris, if you try to be intentional, everything will be planned to optimize for [00:54:00] value extraction from the city

Sam @ Levels: of Paris, if that is your intent.

I think that's really what it comes down to. If your intent is to explore and to find new things that you otherwise would not have, I want to explore a place and be open to whatever the universe has in store for me, and we're just gonna see what happens. My intent, sometimes when I go to a new city, my intent will be to meet 10 strangers and just go up to people on the street and just talk to them and see what happens.

And it's a very uncomfortable thing to do, but you often find people are much more interesting than we usually give them credit. intentionality really in all things, I think is where, where that comes from

Harry Stebbings: in terms of intentionality. I think finding the right partner is a very difficult one. What do you think are the biggest mistakes that people make when trying to find their romantic partner?

And I heard that you had a list for finding your romantic partner. Yeah, What's the

Sam @ Levels: list? Yeah. So I, I did a lot of reflection in a previous point in my life and I, I wrote many, many pages of thoughts on what I'm [00:55:00] looking for, what my values are.

I ended up with a one pager. I consolidated it down to really six major bullet points with a handful of other ideas in there. I found that incredibly helpful to just recognize what is important to me, what are my deal breakers. I think the biggest mistakes that people make is they treat dating like it's a sales problem rather than a matching problem. you're not trying to convince this person to like you. people have different personalities. I have found that it's much more effective to just be very direct and transparent about who you are and what you're looking for.

When I went through this period of much more intentional dating, I had this realization that I'm dying and that I only have so much time in my life to reach the goals that I want to reach around having kids and starting a family. when you do the math, let's say you wanna be married with kids by the time you're 35, if you then do the math on how many shots on goal you have to find. Your romantic partner for the rest of your life. It's actually not very many. being much more intentional about how you spend your [00:56:00] time and who you are dating and how you're making that assessment, I think is actually super, super important and generally under invested and what was

Harry Stebbings: your list like?

What mattered

Sam @ Levels: to you? I would often show it on the first date. I would stay really early on that my goal is to be engaged within six months or separated. I don't wanna have this linger on for much longer than that. Usually you have enough data points within about six months to know if it's the right fit.

Harry Stebbings: But if you were to summarize like one or two from the list that really mattered and have played out in the relationship, what would they be?

Sam @ Levels: So for me, one of the most important ones is open-mindedness.

That's something that I've learned personally is just very important. And I specified, I. Needs to be somebody who can be friends with a Trump voter and a Biden voter. And if you can't do that, it's probably gonna be very challenging because I have a very diverse and interesting group of friends. if you cannot tolerate people with different opinions, it's not gonna work.

I've been down that path in previous relationships. It's not the right path for me. How do you test

Harry Stebbings: that out early? Can you [00:57:00] just be as simple as asking it? Because everyone's gonna be like, no,

Sam @ Levels: I'm clear. Yeah. If you share these things very early, like sharing the six month goal in your one pager, I had at least a half a dozen dates that ended within 10 minutes.

well, how does it end in 10 minutes? I shared the one pager and they looked at it and they just said, this is not me. And I would say, oh, okay. Well, I appreciate you telling me, I'd like to be respectful of your time, and I don't think that this is a match, so if it's okay with you, I think we can probably call it here.

What did they say? Almost every single one of 'em said like. That's refreshing that I didn't have to waste the next two or three hours in a date that I was not going to enjoy, and then I just go back home and go back to work.

Harry Stebbings: Final one, when we apply this to actual co-founder dynamics, what do you think are the biggest mistakes you see in co-founder Dynamics today? You've had a couple of different relationships in that respect.

What are the biggest

Sam @ Levels: mistakes you see? I think one is not really knowing who your co-founder is. What do you mean by that? the co-founders that we have at levels, they're either people that I've [00:58:00] personally known for many years or one degree separated within my networks, that I have a lot of data points on the quality of the person.

I know a specific person who started a company with somebody who ended up embezzling a bunch of money from the company, and now their reputation is tainted because the CEO was a fraud. it's because they jumped into it without really doing their diligence. It seemed like a very new and exciting idea.

But if they had done some diligence talking to other people, like, what do you think about this person? They probably would've known that this would've been a real problem. Co-founder dating is real. Treat it like you're gonna marry this person because you almost are. terms of how impactful that relationship is on the rest of your life, I think another is not setting super clear expectations early around the role of the CEO. That's another super important one that I've seen break companies apart.

Should co-founders have equal equity?

I think it depends a lot on the situation. As a rule, I would say no, it's not required. I think it depends a lot on subject matter expertise.

It depends a lot on also [00:59:00] how you view the definition of what a co-founder is. If it's more of a label of was there at the founding of the company versus somebody who carries some other weight. It's more of a philosophical question that different people will have different answers to.

Harry Stebbings: What could you do today to be a better co-founder?

Sam @ Levels: I think this might have even been as recently as yesterday, I found myself building resentment towards my co-founder Josh, Yesterday was the first time that I recognized that feeling. This isn't the thing that had been bubbling up for months. It was just like, that's weird. I got a message from him today and I feel resentful. Why? I didn't totally know why. And so I said, Josh,

let's get on the phone. We need to talk. And so I said, Hey Josh, I got this message from you and I don't totally know where this is coming from, but for the first time in a very long time, I felt resentful I had negative feelings come up when I got this message.

Like, let's try to figure out where this is coming from. And we talked about it for like an hour. We eventually got to the bottom of where it came [01:00:00] from, there were a lot of other conversations going on that I was quite frustrated by, and this one felt like it was related to that. And it felt like he was, I don't know, taking sides against me in something I.

building more momentum around making my job more difficult. But actually it was just completely unrelated. getting to the bottom of that and just being able to talk about it and just, it resolved it very quickly where we realized there was no negative intent. He wanted to actually support with this thing.

It was just not super well worded, and the timing kind of lined up in an awkward way that made me feel a certain way. So being able to talk about those feelings, even if you don't totally understand them in a really open and vulnerable way with your co-founder is really, really important. When you have

Harry Stebbings: an issue, you should discuss it straight away.

Agree or

Sam @ Levels: not? Absolutely.

Harry Stebbings: I disagree. So my, that, that was like a discussive statement in an essay. You know, sometimes you're fricking tired and your child hasn't slept and your wife hates you, and it just, not now, Sam. Okay. [01:01:00] And other times, you know what? I'm calm. We can have a quiet, thoughtful discussion.

We're in the right place. It's quiet, it's not busy. I think it's important to pick your moment.

Sam @ Levels: immediately is a relative term. I'm saying more like within a reasonable amount of time. Like most people let these things linger for months or years before they bring it up.

And by that point it's far too late. if you realize that you're cranky and you haven't slept, waiting until the next day is totally fine. The timescales matter here. Most people wait for months or years, not days or hours.

Harry Stebbings: Final one for, we do a quick fire. What could you do to be a better

Sam @ Levels: husband? I think being more present is something that I'm constantly working on.

I have a hard time detaching from work. my wife, she's very good about bringing this to my attention we're on a walk and she's like, you're not here, are you? And the answer is no. My mind is somewhere completely out, like completely in a different universe right now. And so should you be

Harry Stebbings: on the walk at all then?

Like is it good to try or is it [01:02:00] good to say, you know what, darling? You go, I'm just

Sam @ Levels: somewhere else. Today it's some of both. If you don't try ever, you'll just never do it. that's a problem. If I was only able to go on walks with her when my mind was fully present and off of work, we would have a much harder time going on walks and finding time.

I think this is more a matter of practice of like leaving my phone behind putting extra effort into trying to stay present and being in the moment

Harry Stebbings: I. I've, I've learned to just give up. Yeah. It's like, mom, you go, I'm fine, I'm on here. Uh, I wanna do a quick fire. So I say a short statement, you give me your immediate thoughts.

Does that sound okay? Sure. Let's do it. Okay. So what piece of content has really kind of captured your heart or mind lately?

Sam @ Levels: Well, this one's gonna be a little bit nerdy. There's this guy, William Kenon, who's a French programmer who has a YouTube channel and he has this whole series called Can It Be Done in React Native, which I've been captured by.

There are all of these limitations with React [01:03:00] Native that I've always accepted as true, and he's figured out ways of doing very complex UI interactions. What

Harry Stebbings: do you not want to do, but still

Sam @ Levels: do? I still eat a lot of sugar and I try to avoid it, and I know it's not on brand. I probably eat less sugar than the average person, but yeah.

Harry Stebbings: What's the best resource allocation decision you've made within

Sam @ Levels: levels? That's another easy one, which is hiring the right person for the right role. So we've made a couple really, really strong hires that have changed the trajectory of the company in a very positive way.

Harry Stebbings: What's the worst resource allocation decision

Sam @ Levels: that you've made?

Basically the same thing, hiring the wrong people. What did

Harry Stebbings: you learn

Sam @ Levels: from the worst tires? I learned that our product org got much too large, and I've learned that having more engineers, it's better than having more people in product.

Harry Stebbings: What in the world most concerns you, Stacy,

Sam @ Levels: Sam? This maybe ties into how important this concept of open-mindedness is. the collapse of the Epistemic [01:04:00] Commons really worries me, which is this general erosion of our ability to collectively make sense of the world and agree on what is real or not.

We seem to have divided aggressively into different camps it's very hard to find common ground.

Harry Stebbings: What have you changed your mind on in the

Sam @ Levels: last 12 months? the role of product within software development. Product management broadly should play a much less significant role than it does as a default in most software development companies.

Why do you

Harry Stebbings: carry the American constitution wherever you

Sam @ Levels: go as a reminder of organizational design? It's a remarkably short document that has had incredible impact on the world, and I'm often surprised at how few people have actually read it. It takes maybe two hours to read

Harry Stebbings: what one word would be on your tombstone if you could choose and why

Sam @ Levels: intentional.

Harry Stebbings: Final one for

you, next five years for you say we do this in 2028, where are you then?

Sam @ Levels: Hopefully in five years we'll have. Three more [01:05:00] kids and levels will have reached its potential and has started to really make a dent in solving the metabolic health crisis. Where will retention be much higher, hopefully.

Harry Stebbings: Sam, listen, I've loved doing this. This has gone on many different tangents, but it's been fantastic, so thank you so much.

Sam @ Levels: Thanks, Harry.

Scarlett 2i2 USB-8: I so enjoyed that show with Sam. My God, I can't believe I turned down the seed round there, but if you want to see more from that episode and you want to watch the full video, you can check it out on YouTube by searching for two's. VC that's 20 VC, but before we leave each day,

Scarlett 2i2 USB-6: I love any innovative approach to venture and startups. And that's why I love arising ventures. There are a holding company that

acquires tech startups facing difficulties, and they help them reach their true potential. The arising ventures team attack founders. They're not bankers, so they know what other founders really care about.

They've given many great businesses, a second chance at success like Jive. Uh, business arising ventures relaunched after it shut down in 2021 [01:06:00] arising ventures bought them out of liquidation, brought back key team members and took them from naught to 1 million error in just five months.

Thanks to arising ventures. Jive now serve some of the largest brands in the world. So if you will, tech startup is facing hard times. Arising ventures could be just what it needs to find new life,

And you can learn more and connect with the team@arisingventures.com forward slash two zero VC. After submitting your information, you'll hear directly from the founding team within 24 hours. Go to arisingventures.com forward slash two zero VC.

Scarlett 2i2 USB-7: Um, speaking of innovations in venture Carta is a standout Fund admin in venture capital is a nightmare. It's boring, it's tedious. And to be quite blunt, it's just a pain in the ass most of the time, but call to provide a better way to run your fund trusted by over 5,000 firms with over 126 billion in assets, they provide one click capital calls. I assessed over 300 fund accountants and tax ice bus, and they provide live interactive [01:07:00] LP reports for your LPs.

It's a total game changer or a product for any emerging manager, raising a fund or any established monitor with Manny funds under their belt, but wanting the best product for their LPs. Head over to carta.com to check it out and find out more.

Secureframe Advert: And finally secure frame is the leading all in one platform for automated security and privacy compliance. Secure frame simplifies and streamlines the process of getting and staying compliant to the most rigorous global privacy and security standards.

Secure frames industry leading compliance automation platform paired with their in house compliance. Bursts and former auditors helps you get audit ready in weeks, not months, so you can close more deals faster. Secure Frame uses over 150 integrations, built in security training, vendor and risk management, and more to make compliance uncomplicated, secure Frame makes it fast and easy to achieve and maintain compliance so you can focus on serving your customers.

Automate your security and privacy [01:08:00] compliance with Secure Frame.
Schedule a demo today@secureframe.com.

Scarlett 2i2 USB-9: As always, I so appreciate your support and stay tuned for an incredible episode. This coming Wednesday with Henry Ward at Carter, then we have the head of sales at sales loft on 20 sales on Friday.