

Tony Fadell: The Game Has Changed! You Don't Need Silicon Valley | E47

You're listening to part two of my amazing conversation with the incredible Tony Fidel the inventor of both the iPhone and Nest Thermostat. If you haven't yet listened to part one of my incredible conversation with Tony, please be sure to check that one out first. Without further ado, here's part two of my incredible conversation with Tony. So you leave Apple in 2008 and then you took a year and a half trip around the world with your wife who also worked at Apple and you went with your two young sons. You're building a home in Lake Tahoe, moved to Paris and came up with an idea that would once again change the way that more than a billion people lived: Nest Thermostat, which you described as the world's first learning thermostat. A thermostat for the iPhone generation. The move to Paris confused a lot of people. France had 35-hour work weeks and complicated labor laws which seemed like the worst place on the planet to start a company. But you said that that would have never happened if you didn't get out of what you call the echo chamber of Silicon Valley. Can you tell us how you stumbled on the idea of where the idea came from, what the pain point was that you were solving for, and why it wouldn't have happened if you stayed in Silicon Valley? And what's your advice to the millions of aspiring entrepreneurs who want to start a tech company and think that Silicon Valley is the best place to do it? Ok, lots there. Let's see. Well, first with Nest, that was born out of the idea the thermostat specifically was born out of a problem I had. Um, when I had a place in Lake Tahoe. And so when I was going up to Lake Tahoe, I had to suffer cold nights because if I if I it could be warm if I went up there but I'd leave the heat on all week or for a couple of weeks, um, to keep the place warm or I'd have to wait 24 hours to turn on the heat when I once I got there and needed to, um, you know, let the place warm up but I got to save energy at the same time. So I was like, this is crazy. We live, you know, I I tried to make hack things together for about 10 years and I kept running into the same problem, the same problems, the same problem. And so while I was on my trip around the world that you mentioned, I was also designing a new home in Lake Tahoe. And during that time I was looking for the latest and greatest of all of these different, um, uh, appliances and and controls for the home. I already had the the the iPhone. Um, and I was and I was and I always knew that it was not good the last five years before that because I couldn't find

anything But I was like iphones out there's got to be better products and there's got to be better thermostats and frankly there was still no better thermostats that I could remotely control Um So I was like what's going on here So while in Paris um and while on that trip I started discovering because I went to different places besides Paris to to live in those homes And so all of the same thermostats were bad and the smoke detectors were bad Nothing was different anywhere around the world Uh um At all of these homes had the same problems It's like ding ding ding ding ding Ok Well everybody around the world has these problems It's not just me in the US and it's not just about remotely controlling your thermostat but all kinds of other home energy thing related things security safety those kinds of things And that's when I started writing the the business plan for what would and the designing what would become first the nest learning thermostat and then the nest uh the company right And the vision for the company So those things were going on Um And the reason why it happened in Paris was just I got out of the echo chamber of Silicon Valley Everyone was saying you know you should be doing social mobile you should be doing um these other things where you know you hear about what's the latest and greatest and and what everyone's working on But it wasn't until I got away from that echo chamber saw things with my experience so saw problems around the world in a new light And I was like oh I could solve this I was like OK then I was inspired and I was also a a away from the noise of Silicon Valley So I could I had focused time to go and work on these problems And so the thing is you know you don't need Silicon Valley anymore You know that what was so important about Silicon Valley when I got there 30 years ago or so or more was that you know all the talent was there all the technology was there the knowledge the experience and the capital was there If you look at it now with open source technology and the internet you can get technology just about anywhere There are smart people everywhere in the world And now because of the mobile social mobile and the smartphone revolution you know we have access everyone has access to a computer in their hand and they can and the the funders or the investors have now blossomed all around the world It's not just in Silicon Valley So if you have a great idea you should be solving for problems that you have in in your area because most likely they could be problems that the world needs to be solved But you also don't need to go to Silicon Valley to get get all those pieces of the puzzle like you used to do 20 years or or even just 10 years ago It's the the game has changed You should go off and build what you want to build and you can usually find

the problems and find the money in the teams somewhere near where you're at already and you don't have to go to Silicon Valley Let's talk about money for a moment Four years after starting NAS When you were 44 years old you sold the company to Google for \$3.2 billion before Nest You had made a decent sum of money But there's a term I've heard over the years it's called fuck you money And when you sold NAS this was clearly fuck you money When people hear about a massive sale like that and read about the billion dollar headlines they think to themselves Wow that's a shit ton of money And I want to do something like that where I make a shit ton of money I've been there I've read the headlines when I left a high paying job a prestigious job at Sun America Part of my motivation was the opportunity to make a lot of money Have you ever been motivated by money when you started something And where should the goal of making money Rank in our motivation to start a company or work for a company Hm Well for me it was never about making money It was about solving a problem All the things in my career was about things that I was curious about And then over time I was doing things that I was curious about and solving those problems And then I learned that oh by the way it needs to be a big market because if you don't have a big market then you know you're you're not spending uh you're not utilizing your time wisely So yes you do have to kind of know about money and you have to focus on that at some point when you're looking at building a business But it all started with the curiosity of what could be you know what could be created if you looked at actually the um the market of thermostats in the world before Nest it was maybe 6 506 \$100 million market And that was worldwide because thermostats were only \$19 are \$29 or something like that They were junk But when you when I started looking at what it could be and what the products and how much the products could save money Right That was the big thing about that It could save you money in your house You're spending 1000 or \$1500 a year maybe even more than that on your energy Maybe you could save 203 \$100 You'd spend more money on a product that could do that for you Right So so the market actually grew much much bigger Um because of the innovations and the curiosity that I and the team had in fixing the problems inside of that market So we were focused on solving a real problem and bringing efficiency where and the market grew from that we weren't focused on the money And then over time you know the company was worth what the company was worth and and we were going after that but again when even when we sold it I told the told the entire team yes you might think that \$3.2 billion is what the

company is being bought for But what I said is Google is investing \$3.2 million in our \$3.2 billion in our vision And they're investing in that in us to to to see our vision through to the end So don't think of this as a cash out think of this as an investment in in enabling the mission and the vision that we have and where we're gonna go with that with that kind of investment How good did it feel when you have employees like that You have a huge sale and you're making a lot of people very rich You have programmers who are making 100 and \$6200 a year They're one of your 1st 10 1st 15 people as a founder of a company do you say to yourself This is amazing And I heard what you said about the vision but economically you're changing their lives forever How good does that feel as a founder and a leader of a team Well you know there's I I we can talk about the scale of money but what I think about it when I truly think about it I think about their families their kids and what what they can enable for the for them So for me for these people to be able to do something more for their their family or their extended family that's what I see It's not about them being able to drive another car or you know or get a boat or another house or whatever It's about what they can do for their family and invest in their family And so what I told the team when we got there do not go changing Don't change The reason why we got here is because of the hard work and the way we worked and how we got and and the scrappiness of it just because you may have more money Doesn't mean you should change your values or the way you look at life you got here for a reason Stay within inside of that that knowing who you are don't let your feet get off the ground and let's stay focused on our mission and vision and yes you have these more the more resources to help you and your family But don't go crazy with it Let's go back and talk about Steve jobs for a minute and also talk about a chapter of your awesome book Build Steve will forever be known as one of the greatest entrepreneurs in minds in history who changed the lives of billions of people forever for the better But there's a downside to Steve just as there are many successful people Some have also changed the world forever Elon Musk is a great example of that today right As we speak Steve was known to be brash rude and extremely difficult to work with He was known to have temper tantrums and it's been widely reported that he was hated by a large amount of people at Apple You met Steve for the first time when you were 22 years old at a birthday party for a guy named Andy Herzfeld and Palo Alto And you end up working for Steve for nine years and reported directly to him You said that working for Steve was one of the most important relationships of your life in your book You also talk about quitting

when people have no passion You've tried everything else that works Young employees today I've seen are job hoppers They find a job across the street that pays them \$10,000 more Or they think the grass is greener on the other side When is the right time to quit your job and doesn't work in tough conditions help make you a better employee and leader and isn't work work Ok Well first let's let's back up So all of those rumors and all of those other things you heard about Steve those are definitely rumors I did not see him taking people out on a regular basis Of course we all have our tendencies that we have and it happens over time over 10 years I didn't see him you know taking people out the way that you described or the way that is typically written in the press So first of all we need to put that aside Steve was mission driven He cared about what about the customer He cared about the products that were were being made and and and who they were made for and want and demanded excellence He did not sit there and you know and and just go after people in in meetings unless those people weren't doing their jobs truly weren't doing their jobs or giving half half baked answers or not being transparent about things So you had to bring your your a game every time Now that said you can't be you know you can't be criticizing people You can't be judging people You need to judge the work criticize the work not the person Of course if the person is not working out you need to move them aside but you can't have those kinds of dynamics OK Moving us putting that putting that to bed let's talk about quitting So when you quit of course there are times when you need to quit and some of it is the company is not working out or you are not learning anymore Either You're working for somebody you don't respect any longer And that's the biggest thing is you know if you're working in a company that's not doing well OK fine But if you're working with somebody who you respect that's what's most important that I always see is you're working with somebody that you really respect and you're learning from and you're growing with sometimes the companies aren't doing well You're not always gonna everything's gonna be line you're gonna work with the best person in the best company with the best products and everything that doesn't happen The the there's a you know there's a uh um a natural curve there that that goes that people go through that sometimes they aren't working with the with the with the best of everything But if you're working with someone you respect and you're growing and they're investing in you that is the most important and you're doing things that you know you think are good with your time that are invaluable That's what's most important Sometimes the companies aren't aren't aren't perfect around them

That's ok But it's when you're working for someone you don't respect or you're working on a mission that doesn't make sense to you at all because you don't know who the customer is or it doesn't apply to you or whatever it is That's when you start or you're working in a team that has serious flaws where you're you know it's politics or what have you That's when you sit there and you try your best to try to make sure your your points are known by your manager by the your manager's manager by hr you try to make those points know if no one is moving and and changing things or giving you good feedback as to why those things are happening and they're kind of ever present and is not getting better Well then that's the case where you quit you get up and you quit but you don't just get up and quit just because something's not right that day you get or you're always searching for another job to do something else that's just gonna pay more That is not the right way to quit The right way to quit is once you're in a place that with a team doing something that you really love hopefully for a person you respect then you need to do you need to quit the right way And that means by communications and all of those things to try to work out the problems Because otherwise if you're just a job hopper like you mentioned you are not gonna get anywhere in this life because it's gonna be seen on your resume And we see this all the time now much more so now than before because it's like I was there 10 months and look at all the things I've done I was there 18 months Look at all the things It's like bullshit You didn't do all those things who really did those things You're just taking credit for what other people did because there's no way you could have done all of that stuff in that short period of time This episode of In Search of Excellence is brought to you by sandy dot com Sandee dot com We are a Yelp for beaches and have created the world's most comprehensive beach resource by cataloging more than 100 categories of information for every beach in the world More than 100,000 beaches in 212 countries Sandy dot com provides beach goers around the world with detailed comprehensive and easy to use information to help them plan their perfect beach getaway at home and abroad and to make sure you're never disappointed by a beach visit again Plan the perfect beach trip today by visiting sandy dot com That's www dot Sandee dot com The link is in our show notes Stay sandy My friends Are you looking for your next great gift to surprise a friend colleague or loved one Bliss Beaches makes the perfect gift This best selling bright and beautiful coffee table book by Randall Kaplan features stunning drone photography from exotic beach locations around the world It's the perfect housewarming gift A great addition to any home or

office and a fun and creative alternative to bringing a bottle of wine to somebody's house for dinner Bliss Beaches is available for purchase on Amazon where it has glowing reviews and a five star rating Get your next amazing gift and order a copy of Bliss Beaches by clicking the link on our show notes If you're working for an asshole do you quit The question is what is motivating that person Are they motivated by their mission and their sense of the customer and what needs to be done or are they motivated by their ego So if they are voted motivated by their ego absolutely You should not be working for someone like that because they are just using you to get themselves ahead and pushing you down But if they are going for a mission if they're mission driven and they're doing something that's important and it's important to you as well As long as that person is not criticizing you criticizing you judging you but criticizing the work pushing you to be better because they can see it in you That is not a asshole You should be quitting That's somebody who's trying who's investing in you and saying you can be do you could be doing something better Ok That is just a coach Even the even the biggest best people I've seen on the planet you know Steve had a coach always sitting there pushing and making sure he was doing the right things You need a coach as well And a lot of times hopefully that will also be your your boss who's going to push you into things that are on comfortable Your need jerk reaction is oh that asshole But are they doing it for the right reasons Now if the person is mission driven all the other stuff but they're still criticizing you and saying you're not worthy and that stuff then they're still an ego driven asshole Even if they're on the right issue on the right mission and you should leave I want to switch gears and talk about one of my favorite topics what I call extreme preparation which is the title of the book I'm writing that I hope will be out later this year One of the main ingredients that got me to where I am today is I'm always the most prepared person in the room If someone spends one hour preparing for a meeting I spent 5 10 sometimes 40 as I did for when I met Eli Broad my former boss for the first time This isn't regular preparation It's what I call extreme preparation in search of excellence How important is extreme preparation And has it been to your career And can you give us two specific examples where you've spent 40 or 100 hours preparing for a single meeting So uh you know you have your definition of extreme preparation I think of it as not preparation for a meeting I think it is understanding the details of everything that you're supposed to be in your purview or what it is your function is So understanding all those levels of detail is important a lot of times what I see

is managers especially managers and managers directors whatever they just get a report from whomever it is who's working for them and then they just parrot that report out they don't really understand the details So to me is understanding the details being in them in the weeds asking the questions So you really have a great grasp of that that is not extreme preparation that means it's going into detail So when it comes to time for the meeting you can then be able to answer most questions not all questions but 90% of all the questions that will get thrown at you in an intelligent way so that you can not just answer the first question but the 2nd and 3rd order questions as well And So that's what I would call being in the details And then you don't have to worry about extreme preparation where I see extreme preparation and this also goes into into details and where we would do rehearsals and stuff is in VC pitch meetings So when we go to venture capitalism and we want to pitch and make sure we have our story right and make sure everybody is aligned on what we're saying and how we're saying it and trying to find holes and having other investors in the meetings to try to help us shoot holes in our story to to make sure we're answering it either on the slides or in our in our in our dialogue though that stuff you know and also extreme preparation for like my TED talk right 45 or more you know rehearsals So there is extreme preparation for certain kinds of specific presentations But I but in general you should be in the details for the day to day for every day because that's how you do the best job you can to deliver the results you need to deliver Let's talk about the importance of mentors which have been hugely influential in your life as in mine And I'll talk about future shape your investment advisory firm which has invested over 200 startups around the world And what you describe as mentors with money You've had some amazing mentors in your life A guy named Phil Goldman who was the first person in Silicon Valley to take you under his wing a guy named Phil Campbell who also mentored Steve Jobs and Eric Schmidt and Bill Campbell and Larry Page Bill knew nothing about technology but knew everything about human nature And then they were your parents and your grandfather in search of excellence How important is it to have mentors And do we need to find mentors who are real people or can you get mentors for reading books like build Ok So so the first thing is everyone needs a mentor Look you have mentors you might not think it but do you have mentors You know you can call them your parents Ok You have mentors growing up but when you're growing up you're always looking for maybe it's your big brother or big sister or maybe it's your uncle or someone else in your family

who you can talk to about things that you wouldn't normally talk to your parents about and they want to see you do well and they want to help you That's a mentor So all throughout your life even when you're the youngest you usually are surrounded or you can find people who want to invest their time in you to be able to help you in some way without any financial reward everyone needs a mentor I've seen the best Like I mentioned Steve Jobs have a mentor I've seen many different people Bill Campbell who was a mentor of mine was the mentor to Steve Jobs Larry Page Sergey Brin Many many people So you do need mentors They're the ones who don't have to have the uh the technical knowledge or the experience that you have and the things that you do what it really is about human nature These the best mentors are about human nature and and have experience in your in your general area in business or whatever to help you But we're not talking about coaches life coaches we're not talking about speaking coaches or management coaches To me coaches that's a different thing That's about a specific point in time in life that it's about a specific subject Mentors are about this holistic view who look at who you are as a person professionally personally as a family person all of those things and try to weave those things all together and look at a 360 view You need to have those to keep your feet on the ground to be that person Even when you're when you're either down in the dumps or when you're at the height of success to keep you level on that ground either grounded with your feet on the ground or above ground to make sure you're not bearing yourself with you know unnecessary problems or to actually tell you hey maybe it's time to give up Maybe this isn't the right it's that person So you don't drive yourself crazy always talking to yourself You can talk to someone else because that mentor is someone who you can talk to about things you couldn't talk to with your board or your even your co-founder or your executive team or other people It's somebody who you can really rely on and they can also learn from you Mentors want to also learn from you So it's a two way street It's not just a one way street Before we finish today I want to go ahead and ask some more open ended questions I call this part of my podcast Fill in the blank to Excellence Are you ready to play No Well let's let's try When I started my career I wish I had known if I started my career I wish I had known much more about understanding the customer understanding the customer needs I always thought I was the customer And so I spent 10 years learning about who was the customer Um and learning the hard way about No you're building this for someone else not yourself So it's really getting that that understanding that while I'm curious about

something I need to make sure I'm solving a problem at a much wider scope of uh for a wider scope of people Um That's a large enough scope as well The biggest lesson I've learned in my life is when to say no and to say no more than yes My number one professional goal is now it's to be uh to help enable people doing hard things to be a mentor to help people doing building hard things uh to allow them to you know uh to allow them to build those things and help them steer clear So I'm giving back just like the mentors who gave to me to help me to get to this point My biggest regret in life is don't have many regrets I don't actually don't have any regrets Um I think the only regret I had was not being able to see Steve jobs um before he died um because I was so busy with Nest and he he wanted to to get together But I I waited a couple of weeks too many The one thing I've dreamed of doing for a long time but haven't done is I wanna go on a safari The greatest invention of all time is uh greatest invention of all time I think that's electricity In the year 2050 We're going to be a driving across the country through tunnels built by the boring company B flying to work across town in our own mini helicopters air taxis c have chips inserted in our brain to help us be smarter and live longer D have cured most forms of cancer or e all of the above Oh it's D I don't believe in a lot of things A B or C I think it's the the greatest innovation in the next 50 years will be I think we're seeing it right now I think we're seeing how does artificial intelligence or intelligent assistance really grow the human capacity beyond where we are today not taking us taking taking over for us but literally helping us grow If you could go back in time what's the one piece of advice you would give to your 21 year old self rebuild I wrote it wrote the book Exactly For me If I was 21 to 22 23 Will Blake Kum win the Heisman Trophy next year we can only hope we can only hope Go blue Go blue The one question you wish I had asked you today but didn't is www what does it really take um to become who I am and where did you did you need anything special to get to this point Um And for me like I said it was mentors but really where I started was where a lot of other people started I won't say that I was you know destitute or poor or on the streets by any means But um I picked myself up by my bootstraps and made it happen and got through failure And so failure was the biggest reason why I am where I am and the mentors who helped me through those those times Tony you've been someone I've admired for a very long time There aren't many people who could say they've changed the world that had a measurable impact on the lives of billions of people but you are one of them I'm very grateful for your time Thank you very very much for sharing your

story with us Randall Thanks so much and I hope you keep finding
excellence wherever wherever you go