

Neil Senturia

Interview conducted by

David Caruso, Ph.D.

March 27, 2014

SAN DIEGO TECHNOLOGY ARCHIVE



The Library
UC SAN DIEGO

Neil Senturia



Mr. Neil R. Senturia has more than 35 years of diverse entrepreneurial endeavors including starting and serving as CEO of three software companies, serving as Chief Executive Officer of a fourth, real estate development, and screen writing for popular television sit-coms.

Currently, he serves as Chief Executive Officer of Blackbird Ventures that invests in early state technology companies, he writes a weekly column on entrepreneurship for U-T San Diego, and he serves as an advisor to the UCSD Entrepreneur Challenge, a student run business plan competition.

Current investments include Dealstruck that matches small business borrowers with accredited investors and 1App Works, a new mobile app that allows people to see the world in a new way to find great places to eat, shop and play.

Past investments include /Info that pioneered high-speed Internet access in hotel rooms and was sold to Cisco; Mohomine that was sold to Kofax; LonoCloud that was sold to ViaSat, and Oberon Fuels that is developing a clean substitute for diesel fuel. Mr. Senturia has also served as CEO of these companies.

Mr. Senturia has taught entrepreneurship at UC San Diego's von Liebig Center for Entrepreneurism and Technology Advancement in the Jacobs School of Engineering and in the MBA Program at San Diego State University.

From 1985 to 1995, he focused on real estate development of office, condominiums, and hotels in Los Angeles and San Diego and built more than 1.8 million square feet of space. From 1980 to 1985, Mr. Senturia served as an Executive in the financial services industry and worked in real estate syndication. He was a Television and Screen Writer and wrote for shows such as M*A*S*H, Alice, and Tony Randall among others.

Mr. Senturia has served on the Board of Directors of SDSU's Entrepreneurial

Management Center.

Mr. Senturia is the winner of Microsoft Retail Application Developer Award in 1997 and 1998; winner of Arnie Karush Award from the San Diego Software and Internet Council in 1998; and winner of UCSD CONNECT Most Innovative Product Award in 1998. He was a Fellow at the American Film Institute in Los Angeles and served in the U.S. Army from which he received an honorable discharge. Mr. Senturia has a Master's degree in Cinema from New York University and graduated from Tufts University with a B.A. degree in English.

Source: Neil Senturia

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INTERVIEWEE: Neil Senturia

INTERVIEWER: David Caruso, Ph.D.

DATE: March 27, 2014

LOCATION: La Jolla, California

1 **CARUSO:** Today is the 27th of March, 2014. I'm David Caruso. I'm here for the San
2 Diego Technology Archive project. I'm sitting with Neil Senturia. Did I pronounce
3 that correctly?

4 **SENTURIA:** Perfect.

5 **CARUSO:** And this is an interview session contributing to a better understanding of
6 the San Diego area and its relationship to technology and technological innovation
7 and development. Thank you again for taking the time to meet with me. As I
8 mentioned what I would like to start with is just getting a sense of where you're
9 coming from generally. Where did you grow up, where did you go to school, what did
10 you study and then how did you make your way or how did you come to be in the San
11 Diego area?

12 **SENTURIA:** OK. I grew up in St. Louis, Missouri. I went to a high school there called
13 St. Louis Country Day School which was intellectually rigorous. There were 52
14 students in our high school class and I think 18 of them or 19 were merit or scholastic
15 scholarships winners. So there were a bunch of smart guys.

16 I left high school and went to college at Tufts University. At Tufts I studied English
17 because I didn't know any better. And that qualified me to do nothing. Although
18 when I got out of college you could still get a job which you probably can't get today.
19 Today being March 27th, 2014.

20 So I had a good time in college. I enjoyed English. I participated in a bunch of things
21 and actually in [fall of] '64 I went down to Selma and marched, so I guess I'm a liberal
22 social Jewish Democrat. In my senior year, I was the editor of the yearbook. During

23 the summers of my high school and college years I was a professional photographer
24 and I got paid a couple of dollars to go to Europe and photograph castles and
25 restaurants for a travel agent which I enjoyed. When I graduated from college I
26 [attended graduate school for one year and then] ended up in the Army. I was in both
27 the Army and the Army Reserves.

28 **CARUSO:** You chose to enlist?

29 **SENTURIA:** Yes, and I actually enjoyed my time in the Army. My best story about the
30 Army was it's the summer of '68 or '69 anyway and I'm going to go to basic training
31 which is in Ft. Polk, Louisiana, Now this has nothing to do with technology Mr.
32 Caruso, but you'll enjoy the story. So you've got to understand you go to Ft. Polk,
33 Louisiana in August and I'm telling you it's H-O-T-T. So you've got this kind of white
34 middle class Jewish Midwestern guy going down to spend 10 – 12 weeks with Bubba
35 and it was hilarious. And I was determined to be successful.

36 I mean what I'm going to suggest here, this is a little bit about me, but maybe it's
37 about technology which is some of those characteristics which is I was determined to
38 win I think are endemic to entrepreneurs. So I know you're talking about technology
39 and San Diego, but I have a grand passion for entrepreneurship. I study it, be it, teach
40 it. So anyway the end of the story is you go through basic training. It's 8 or 10 weeks
41 and on the last day there's the physical training test, 6 events. I don't know what they
42 were. There was a mile run. You carry somebody on your back. You do some sit ups,
43 pushups. I don't remember. All I know is this. There were 212 guys in my company
44 and I finished, I remember I finished eighth. Eighth out of 212. The first ten guys get
45 served breakfast in bed and this guy Riggs, 6'3", black, gorgeous drill sergeant serves
46 me breakfast in bed and I'm telling you that is one of the highlights of my life. So I
47 showed them.

48 [At the University of Missouri] I studied photo journalism. I was passionate about the
49 great photo journalists over the '40s, '50s, and '60s. I won't list them all. Everybody
50 knows who they are starting with Henri Cartier-Bresson, onward and I did well.
51 There was a professor there, [Cliff] Odom. He was a character. Anyway I spent a year
52 there in graduate school in photo journalism and I competed in the college
53 photographer of the year and came in third. Not bad. Not first, but third. I decided I
54 would go get a job at the National Geographic, get an interview at the National
55 Geographic and they pretty much explained to me that short Jewish people were

56 really not going to be hired at the National Geographic in the late 1960s so that job
57 didn't materialize.

58 I realize that the business that I loved which was photography was dying. So this is
59 the era of Look magazine, Life magazine. So what used to be the outlets for
60 contemporary photo journalism were not going to be there anymore. I could see – I'm
61 not that smart, but I could sense in the future that these organizations were not
62 going to be around. So I'm going to go to film.

63 I go to film school at NYU for two years, I get a Masters in film, and I'm really
64 successful in New York. I make some movies. I win some awards. I go and I con a guy
65 into giving me \$15,000 to make a short film which I will point out opened in New
66 York at the something theater as the short – this is back after the Civil War where
67 they still showed shorts and the movie opened in front of Woody Allen's, I think it
68 was Bananas. So this is not bad. And that gets me from NYU to the American Film
69 Institute, American Film Institute, Beverley Hills and that's something where they
70 invited 12 people to be in the second class of fellows. Now you go to AFI and you have
71 to pay them, but back then –

72 **CARUSO:** Did they pay you?

73 **SENTURIA:** No, but you didn't have to pay. So here's this kid from – I mean I'd never
74 been west of Colorado. I've skied a few times in Aspen serving as a babysitter, but I'd
75 never been to California and sure enough I fly out from New York, land there, get in a
76 taxi and you take a taxi down Sunset Boulevard to go to the American Film Institute
77 for your interview in Greystone Mansion. Unbelievable. So I go to the AFI and I spend
78 a couple years there and that gets me to – I make a couple of movies and now I'm
79 going to make my way in the screenwriting business. I'm going to be famous. I'm
80 going to be a director. This is the era of George Lucas, Francis Ford Coppola, Steven
81 Spielberg, Terry Malick. So that was my era. These are like gods. I was going to do it.
82 Just pause for a minute. Is this too much detail or am I boring you to tears?

83 **CARUSO:** No. No.

84 **SENTURIA:** This is OK with you?

85 **CARUSO:** Yes.

86 **SENTURIA:** OK. We'll be done some time around 7:00 PM I'm sure. So it's hard to
87 remember all this. So I spend seven years in Hollywood and my story in Hollywood is
88 you can sort of make a living being unsuccessful. You can get paid to write things that
89 never get made, never get done. There's a big market for paying to have a lot of stuff
90 they don't use. And the way I lived, the way I made money was I was a telephone
91 salesman. I used to get up at 5:00 in the morning. Again this is I think endemic of my
92 particular personality. I was determined to be able to have enough money to live on
93 so I'd get up in the morning and I'd sell stuff on the phone. They used to call them
94 boiler rooms. I didn't sell stock. I sold toner and pens and paper and junk and I was
95 really good at it.

96 So what happens was I'd get up at 5:00, I'd work from 6:00 to 9:00 and then I'm done
97 and then I'd write from 9:00 to 5:00. I mean I was rigorous. I wrote every day and I
98 ended up writing stuff, some of the stuff got bought, some got made. I wrote
99 screenplays. I had sitcoms, but I was not really very successful. I mean I was not. I was
100 marginal. I kicked around. I didn't look good in a black t-shirt. I think I was funny,
101 but maybe I wasn't funny enough.

102 The best story is that I'm writing a made for TV movie and I bring it in and the guy
103 says "This is just hilarious. It's just hilarious, but unfortunately Neil we're only buying
104 dramas." I said "OK. I'll be back in six weeks" so I go back and I write a drama and I
105 give it to the guy so he has – finally get called. I have an interview. I get called in. The
106 guy says "Six handkerchiefs. I cried for an hour. But unfortunately the studio is only
107 buying comedies" whereupon, this is a true story, I reached across the desk, I grabbed
108 him by the collar of the shirt, open shirt and I began to strangle the guy. And I
109 realized it was time for me to leave Hollywood.

110 So next I took business classes at night at UCLA. I'm a big fan of night school and
111 more importantly I'm a big fan of education. One of my themes would be that there is
112 a rigor to stuff meaning how to start a company. You can learn that. It's not
113 something you can make up. There are things you can learn and I focused on the
114 legal and real estate and I never got an MBA, but I would go to night school. So I've
115 got the morning I'm selling stuff on the phone, in the middle of the day I'm writing
116 and in the evening I'm going to school so I was pretty focused. I was busy.

117 **CARUSO:** So why did you decide to go to night school especially in the area that you
118 chose? Was it arbitrary? Was it something that you were thinking that you'd like to
119 move into?

120 **SENTURIA:** Well in the '70s in LA if you bought a building – real estate was booming
121 and I'm a curious fellow so I wasn't going to just be an investor. I was going to learn
122 something. So I wanted to know real estate. I thought that that was something that I
123 hadn't – my best story is my father. [When I was a kid], we [would] go to Aspen for a
124 summer music festival and I say "Dad. Why don't we buy a condo?" and dad says "No.
125 I don't want to buy a second home in Aspen anywhere, any time." I think at that time
126 the condo was \$68,000. Today it's \$1.8 million.

127 So I thought there was something to be said for real estate and I enjoyed it and I was
128 good at it and I began to buy a couple buildings. I put together a syndicate. I mean I
129 have this kind of promoter personality and I made a lot of money. I don't think I was
130 that smart. You could sort of throw a dart in LA in the 70s and it was OK, but I
131 actually learned a lot so it wasn't random. I'm a big believer in education so I think
132 things can be taught, should be learned.

133 So eventually I pretty much had it with Hollywood and the reason was this. I was
134 good, not great. I was marginal. And Hollywood is a place that eats people up. I loved
135 it. I mean if you can survive Hollywood, the only business worse than Hollywood is
136 the used car salesman business followed slowly by the legal profession. So I
137 triumphed in spite of it. I think it's a rotten business. It feeds on the worst kind of ego
138 and kind of what I'll call taker mentality, but I liked it and some of the stuff I wrote
139 was OK. I was a pretty good writer.

140 So then I decide that the only way I'm going to be able to survive is to be in the real
141 estate business so I just shift. One day I just take the typewriter and put it in the
142 drawer and I'm going to be a real estate broker, get a broker's license.. It wasn't hard
143 to get one. I get a license and I go set about selling real estate and I'm doing pretty
144 well. I'm selling commercial buildings, buildings and apartments and land.

145 There's one great story. So it's 1982 or 3 and there's an apartment complex in Oxnard
146 and it's great, 168 units, and I know it's great and I've got a buyer and I have to
147 convince the buyer that it's great. And one day I wake up and I say "Why am I
148 convincing this guy to buy the building? I know more about this than he does. I
149 should be buying the building." And I realized at that moment I no longer wanted to

150 be a broker. I wanted to be a principle because I'm not a middle man. I've got to be in
151 the deal.

152 So I no longer was – I wasn't going to be a middle man. That's a business I don't like.
153 That's the investment banking business where you introduce Smith to Jones and you
154 get a \$22 million fee, but you really didn't do anything. You kind of had a guy who
155 knew a guy. I want to be the guy that actually wrote the check for the \$22 million or
156 the \$220 million. So I get a job. I go to interview in a savings and loan called
157 Brookside Savings.

158 **CARUSO:** Where are you at this time? Are you still in LA?

159 **SENTURIA:** I'm in LA.

160 **CARUSO:** OK.

161 **SENTURIA:** I'm living in LA and I go to get a job. Two guys run this savings and loan.
162 They are good friends of mine, Michael Moers and Art Pastel. They're friends now. I
163 didn't know them from Adam when I interviewed. And the guy that runs it is Michael
164 Moers and he's probably the first or second smartest guy I've ever met. I mean he's
165 just wickedly smart. He's also difficult and can be charming and I like him, but he's
166 smart. So I said "I'd like a job" and he said "Here's what I'll do for you." And he gives
167 me a spreadsheet. Now back then – remember this is like prehistoric. You had those
168 huge sheets of paper this size, 11 by 17

169 **CARUSO:** The green and white dot matrix?

170 **SENTURIA:** Yeah. The green and white 11 by 17 or 11 by 24 giant with perfs.

171 **CARUSO:** Yep.

172 **SENTURIA:** Not perks, perfs.

173 **CARUSO:** Yeah.

174 **SENTURIA:** Not perks either. That's crime. And he gives me a printout. Now they
175 were in the business of doing what was called wrap-around mortgages so this is the
176 rock and roll era of savings and loans. This is when it was unregulated. So Michael
177 grew the business from \$60 million in assets to \$600 million in a year. Just add air and
178 water. So he gives me this printout. This is kind of interesting. It tells you a little bit

179 about myself I guess. And it's the secret document on how they make the loans. OK.
180 Lots of columns and little numbers. I mean it's really dense. No formulas. He says "I
181 tell you what. If you can figure out all the formulas, I'll give you a job."

182 I thought that was great. So by now I'd already had a – I'd given up the phone
183 business. I'd actually started my own phone business and then I got rid of the
184 business so I'm now available from 5:00 to 9:00 again. The world doesn't wake up at
185 5:00, but I do so from 5:00 to 9:00 every morning for eight weeks I would try to figure
186 out the formulas. Now remember he gave you one set of numbers so you can use the
187 one set of formulas to get the numbers, but they have to work in all instances.

188 **CARUSO:** Right.

189 **SENTURIA:** Complicated. After eight weeks I'm pretty close. I get an interview. I call
190 him back and I show him my work. It was 98 percent. I'd made two mistakes, but I'd
191 actually classically reverse engineered with permission I guess, reverse engineered the
192 spreadsheet. So I got a job. I worked at a savings and loan. It was great. It was the era
193 of rock and roll money and I loved it and I was the guy that lent money. Here I am 50
194 years later lending money in Dealstruck, but that's a company we can discuss.

195 So it was great. It was like being a junior, junior, junior Mike Milken. I had three
196 screens. I had a junior analyst. I had a lot of fun and I'm the inventor of the
197 expandable, the expanding wrap-around mortgage. I don't know if there's a patent on
198 it, but we figured out how to lend this guy money and then as the rents increased to
199 increase the loan inside the loan which was wrapped around the underlying
200 mortgage. We did this for two years and at the end of two years – remember so this is
201 similar to the "I don't want to be a broker." I realized that whatever he was paying me
202 which I think at the time was \$120,000 or something. I said "I can do this" so I quit. By
203 now I'm off on my own and I'm going to be a real estate developer.

204 In the interim I built some apartments in Phoenix with a friend of mine and I built
205 something in LA. I was just kicking around, but I'm going to be a developer. And the
206 reason I chose development is that it had the greatest amount of leverage. I'm a big
207 fan of leverage. One of the things I love about a startup is I can put \$100,000 in and I
208 can lose it all or turn it into \$5 million. So I like unfair advantage and I like leverage.
209 And you can increase the success of leverage on education, on team, on market so
210 you'll see that the principle behind starting a company in some ways is to maximize
211 the leverage of your capital either real or human. So I'll tell you another story. If you

212 get bored it's OK. It's nothing to do with technology. It's just stories. You OK with
213 stories?

214 **CARUSO:** I'm OK with stories.

215 **SENTURIA:** I love stories. So it's 1985 or in '86, '85 or '86, and a friend of mine who's
216 an actor – mean time I'm doing deals. I'm scrambling around. I'm tying up this, I'm
217 tying up that and a guy comes to me and says "We've got to have lunch today." I
218 guess it's '85 because I'm still at the S&L. He says "We have to have lunch today." I
219 said "I'm busy." He said "No. You don't understand. We have to have lunch today."
220 And now this is an important sentence so this is one of my very good friends. He'd
221 been an actor in one of my movies. So when a best friend says "We have to have
222 lunch today" you have to stop what you're doing and you have to have lunch.

223 We go to lunch. It's a Thai restaurant around the street, around the corner and
224 another guy is there. I forget his name. And my friend Bill says "There's a piece of
225 land in downtown San Diego. It's amazing and you need to buy it and it's right now.
226 You have to do it right now." OK and I listen to it and they have a friend who's got a
227 cousin that used to know a guy who had a friend who might be able to tie it up. It was
228 all screwed up, but nothing I like better than a screwed up deal. So I said "OK, Bill.
229 I'm going to do it."

230 So I go. I fly down to San Diego and I see this piece of land which is a goofy kind of L-
231 shaped piece of land across from what was going to become – this is downtown San
232 Diego, the convention center. And I buy this piece of land. It's zoned incorrectly. It's
233 the wrong shape. You can't build on it, probably has toxicity. I don't know if they're
234 going to build a convention center. There's one chance in 50 we're going to figure this
235 out. And still I convince my friends to do the deal. They said "we're in." My kind guys,
236 I love them.

237 So we buy the land and we horse around for the next two and a half years. We're
238 fighting with the city; we fight with the city council. There was something downtown
239 called the – what was it called? It was the CCDC, the Center City Development
240 Corporation. So little by little kind of put this piece of land together and then we put
241 another piece of land and then we talked the city into giving us another little piece of
242 land. And little by little we took this little 30,000 square foot L-shaped piece of junk
243 and we assembled a 93,000 square foot parcel on which you could actually build
244 something and so we built what was then called 1 Harbor Drive which is the twin

245 towers downtown. We were the second high rise condo in downtown after the
246 Meridian. And my development partner was Bruce Stark.

247 And it turned out to be, for myself, particularly quite successful. And so I had begun a
248 real estate career. So now you take from sort of the mid-80s to 93 or 94 and in that
249 nine year period I build almost two million square feet of real estate, hotel, condo,
250 office, parking, medical. We built a lot of stuff with a bunch of people. I won't bore
251 you with all the details of all the deals.

252 **CARUSO:** In San Diego or –

253 **SENTURIA:** All in San Diego.

254 **CARUSO:** OK.

255 **SENTURIA:** And by now I've moved because I have two kids. They're six and four and
256 it's a better place to raise children so I take my wife, the children, move to San Diego
257 and I become a downtown real estate developer. That gets up – we'll just jump along,
258 jump to '94. You get to '94 and the real estate market is terrible, interest rates are 130
259 percent and I realize that I'm not going to be able to make – this is not going to work
260 for me long term.

261 **CARUSO:** So can I ask you one question? In terms of the things that you were
262 developing, the buildings, the spaces do you know who was then using those spaces?
263 Do you know what types of –?

264 **SENTURIA:** Well I knew what I was building.

265 **CARUSO:** Right. I just mean – I'm wondering – so I know this is a period of time
266 where there is a boom in the biotech industry.

267 **SENTURIA:** Yeah. I didn't build that. I only built downtown.

268 **CARUSO:** OK.

269 **SENTURIA:** So I get to '93 and my wife leaves me. I view that as an error in her
270 judgment, but that's OK. And I meet Barbara Bry who you've interviewed, Barbara
271 Bry who worked at CONNECT and [developed many of their award winning
272 programs].

273 I think it's fair to say I fell in love and I began to drive for her. So I take her places
274 and I park the car and I go to these CONNECT events. I'm going to reinvent myself
275 from real estate developer into technologist.

276 So one of the things I would say to young people is look – the era of I'm going to work
277 for General Motors for 40 years and get a watch is over. And the second thing I'd say
278 is, it is not only a – it's important and a requirement to reinvent yourself. So I believe
279 that young people today when they say "I'm going to get a job" they will have five
280 jobs, ten jobs. They may have four careers, really changes of careers. I mean I spent
281 ten years writing sitcoms. I spent 12 years building buildings and I've spent the last 17
282 years starting companies. None of them – the progression of each is not logical. You
283 wouldn't go to get a degree in English to learn how to be a – but I think the theme is
284 that as landscapes changed I reinvented myself and to accommodate what I perceived
285 at the time would be the most fortuitous reality. So the rest is sort of boring which is
286 in '95 we started, Barbara and I were involved in the first company together.

287 **CARUSO:** No. I mean I think this is part of what we are trying to capture. I mean let
288 me before we get into that. So what was it about going to these CONNECT events
289 that made you want to as you say become a technologist?

290 **SENTURIA:** Well I wasn't a technologist. What I was good at, in retrospect, is I was
291 good at assembling a team. I was a reasonably good leader. I was a leader in the
292 Army. I was a leader in college. I was the editor, I led the yearbook. I understood the
293 value of assembling a team and I understood and I mentioned it previously, the idea
294 of leverage. So I liked real estate because at that time in that 10 – 12 year period that I
295 did it you could tie up \$100 million worth of stuff with \$87.06. Now all of that's
296 changed. You can't do that today. I wouldn't be a developer today. It's tough business.

297 Remember my business was I had no money so if you have a lot of money and you
298 want to buy something you take out your checkbook and a pen and you write a check
299 and you buy something. You actually pay for what you want. If you have no money
300 what you have to do is sort of a magic trick with a house of cards and a bunch of
301 little, like the three card monty, because you need to tie it up long enough to get a
302 time to find a guy who's got the money to give me the money to tie it up to actually
303 close on what you promised you would buy, but didn't have the money to buy at the
304 time.

305 **CARUSO:** Right.

306 **SENTURIA:** I like that. I like magic. I love magic. We go to see Penn and Teller and
307 every magician. We've seen them all. I'm even an investor in a magician so I love
308 magic. And to some extent that's a magic trick because I didn't have any money so I
309 used everything, but cash to tie up everything, to have long enough to figure it out
310 and believe me along the way while I built two million square feet and I made a lot of
311 dough there was a few times that I dropped half a million bucks just like that. So it's
312 like any business. You don't bat 1,000. I would tell that to the startup technology
313 community. I'm a big fan of Dan Kahneman. Dan Kahneman is the Nobel Prize
314 winner in economics. He's famous for what I would call rational man behavior. He is
315 famous for how people behave, how they make business decisions and how to act in
316 your own best, keyword here, perceived self-interest. What Kahneman says – he says
317 a lot and his most recent book is called *Thinking, Fast and Slow*. His famous book
318 that he won the Nobel for was *Choices, Values and Frames*. It's 800 pages. I've read it
319 twice. It's put me to bed for 11 years.

320 So he talked about adverse selection. That means all the things that are common
321 today in psychology and how people make decisions he was the original thinker. So
322 his last book has a wonderful sentence in it. Two things that are important. I'll give
323 you the last sentence first. So he finishes the book and he says "Here I am, the expert,
324 the absolute guru on rational man behavior and I'm going to tell you" he's telling the
325 audience of the book. He's saying "In my own personal life I get it wrong 15 to 20
326 percent of the time." The master.

327 It is so hard to truly understand what is in your best self-interest and I've spent the
328 last 17 years as I mentor younger people, companies that I built. Any successes I think
329 are correlated to that axiom and one of the rules in my book – I'll put a plug in for the
330 book, *I'm There for You Baby: The Entrepreneur's Guide to the Galaxy*. One of the rules
331 says more money is lost to neurotic behavior than through bad business decisions.
332 And the landscape is living. Here's the best part of Kahneman's book so I'm getting
333 back to why I liked technology. Remember, I barely could turn on the computer.
334 When they did client server I thought that meant at a restaurant somebody who
335 brought you water.

336 So he says "Look. I'm going to tell you the truth. This is an important truth. A big
337 amount of success – I don't know if it's 80 percent, but it's well over 40, is attributable
338 to luck." Now here's what he'd say. "Luck is not random. Luck is a force in the world
339 that appears on like a Sine [algebra] curve. It washes through the world." He says

340 “What you have to do is you’ve got to be standing on the platform when the train
341 comes through. When the luck train comes through if you’re standing on the
342 platform you get on it, but you’ve got to be standing on the platform. It’s not random.
343 It will come through. It doesn’t have a schedule, doesn’t come through at the 8:07,
344 the 12:04 and the 4:17. It comes through and you’ve got to be on the platform.”

345 So another way to say that is you’ve got to stay in the game. You can be on the field.
346 You can be in the dugout. You can be in the stands. You can be a vendor who serves
347 hotdogs. But what you can’t be is in the parking lot because you can’t get it when
348 you’re in the parking lot. I love that. So if you take that thing that interested me and
349 understanding that I could leverage. Remember I liked leverage. So if I could
350 assemble five really smart people I get five squared. I get five to the fifth cubed. I get
351 way more than five.

352 I understood that leverage was a function of people and skills and I am a – have a
353 somewhat patriarchal personality so I like to take care of people. I want to make them
354 happy. I want to empower them. I really care about that. I really do not have an
355 unreasonable ego. I mean one of the great questions I ask in the class I say “Look
356 David, do you want to be rich or do you want to be king?” There’s only one answer
357 pal. You want to be rich because if you want to be king I’m not writing you a check
358 because kings have problems with control and kings end up with owning 87 percent
359 of a delicatessen and people who want to get rich own 0.04 percent of Google. There’s
360 no contest.

361 **CARUSO:** So what was the landscape like of sort of the technology industry that you
362 were getting into in the mid 90’s? What sort of companies were out there?

363 **SENTURIA:** Well at that time CONNECT at UCSD San Diego was still – come on. We
364 were a backwater compared to Silicon Valley.

365 **CARUSO:** Right.

366 **SENTURIA:** We’ve always had a booming biotech business. Now Ivor Royston and
367 some of the real geniuses of biotech, Kevin Kinsella and Larry Bock, they might say it
368 is not so booming. But by and large biotech has survived down here. I mean the
369 Mesa, UCSD, Scripps. I mean it’s just the list. We’ve got more geniuses in biotech
370 than we have in – other than the outlier which is Qualcomm. You can’t – it’s unfair.

371 Irwin is a friend and he's brilliant and Andrew Viterbi. They're amazing, but we don't
372 have 20 Qualcomms. We don't have 20 PayPals. We don't.

373 So in '95 what you saw was kind of – CONNECT was – it was like you could see that
374 there was something happening in the world [and I wanted to be a part of it].

375 I had a friend named Jim Nicholas, we'd done some real estate deals together. Every
376 two weeks we'd go to have Vietnamese food at a restaurant in North Park. I don't
377 know if it's still there or not. And we'd have a game. We'd see what stupid idea we
378 could come up with to lose money with this time. So we go to one of the lunches. It's
379 in the summer, late summer, August, September, August of 1995 and Newsweek had
380 just run an article on cyber cafes. You could now get a cup of coffee and connect to
381 the internet. You've got to understand, '95 the internet was like whoa.

382 **CARUSO:** Yeah.

383 **SENTURIA:** I mean it's like electricity.

384 **CARUSO:** I mean it's still dial up.

385 **SENTURIA:** So we look at each other and he says "What do you think? What do you
386 think?" and I say "Nah. I don't want to be in the restaurant business, a cyber café. But
387 I'll tell you what Jimmy. What if you could get your email in a public place? I mean I
388 really like this email stuff. What if you could like go to the airport or a railroad station
389 or somewhere and get your email?" So I said that's a good idea. So we decided at
390 lunch truthfully that's a really good idea.

391 So I said "Well here's what we'll do. We'll make a little kiosk and you kind of plug in
392 and you get..." I'm making this up literally on a napkin. This is a true story. And he
393 owns an apartment house across the street. The apartment house is called The
394 Egyptian. I said "Great. We'll make it in the shape of a pyramid." True story. It's like
395 bizarre.

396 So we start and I cannot do this without Barbara and CONNECT which is in the
397 business of helping you take an idea and introducing you to the people you need to
398 meet.

399 So I met lawyers and I met the accountants. I assembled a team of brilliant people to
400 build this half-baked napkin that I drew a picture on. Here's an interesting story

401 about the team. I'm good at assembling teams. That's very interesting as I think back
402 on it because we built – if you go back to Harbor Drive I mean we built this 40 story
403 building –

404 By the way if you had said to me, prior to building that 40 story building what were
405 your other development accomplishments Mr. Senturia? I'd say "Well I built a two
406 story apartment house in Phoenix." "Oh you don't think there's anything for like walk
407 before you run. I mean there's a little bit of so you went from a two story wood frame
408 \$25,000 a unit apartment house in Phoenix to a 40 story, \$97 million high rise and
409 you didn't stop in between?" "No. I was in a big hurry. What can I tell you?"

410 So this probably tells you more about me than it tells you about technology. So I go to
411 get – I've got to get somebody to build the [software] code because I drew a picture so
412 I knew that you could get your email in a public place so then we had to go find
413 somebody to build it and we convinced a genius –named Peter Van Horne, to leave
414 an existing company. He's got a great job. He's the number two guy at a [software
415 development] company in San Diego.

416 And I go and I say to the head guy "I'd like to have you build this for me." The head
417 guy is named Mark Fackler. He's terrific. We love him. He says no. I said, "No. You
418 don't understand Mr. Fackler. I'd like to pay you to build this for me." And he says
419 "We're not interested." I said "You don't understand." He says "You don't
420 understand." You'll hear this story. This comes back frequently. So I have to leave, but
421 I don't take no. Remember all entrepreneurs, no is simply a speed bump on the road
422 to yes, OK?

423 So I come back a couple of weeks later and I'm going to convince Mr. Fackler again. I
424 said "Look. I'll pay you and I'll give you a piece of the deal" and this and that. Mean
425 time his number two genius Mr. Van Horn is kind of poking around. "This seems
426 kind of interesting. I think we can do this." So he's interested in the problem. He was
427 not interested just in the money. He was interested in the problem. "Can I solve that
428 problem?" Because you've got to remember, middle '90s, there were very few laptops
429 and if you traveled you couldn't get your email or access the Internet.

430 **CARUSO:** It was predominantly the university systems first.

431 **SENTURIA:** Right. So I convinced Peter to leave an existing job to take a chance on a
432 half-baked semi-funded startup called Atcom and he becomes the CTO, VP of

433 Engineering, head of worldwide and I decide I'll be the CEO and we set out to do this
434 and we build a couple of kiosks, we get some jobs. This is an old story, but so this is
435 the power of – now there's a certain amount of luck. I told you about luck and now I'll
436 tell you about I guess I'll call it advertising. It isn't even advertising. Let's just call it
437 luck.

438 So we build one kiosk – it sort of works. We get one at the convention center, we
439 plug it in, it's a big deal. We still haven't figured out how we can make any money
440 doing this. We raise some money, all friends and family. Eventually we get a venture
441 round. I won't bore you with all of that, but the best part of the story is this.

442 There's a lady in town at that time named Jackie Townsend. She's wonderful. We love
443 her. She has the Townsend Agency and it's a PR firm. So I call her up. I say "Jackie can
444 you help me?" She says "Well do you have – have you built this kiosk?" I said, "No."
445 She said, "Do you have a picture?" I said, "Yeah." So I get a designer. I get an artist.
446 One of the things about entrepreneurs is you cannot be limited by reality. Reality is
447 interesting, but malleable. It isn't really real. This is a little bit of the Steve Jobs. Now I
448 can't tie Steve Jobs shoelace. I can't even hold his shoelace. So let's be really clear that
449 I have no confusion, but when you read Jobs' book, read about him with the book
450 written by –

451 **CARUSO:** Isaacson.

452 **SENTURIA:** Isaacson. You have this issue. Jobs has this sort of reality – what's it
453 called?

454 **CARUSO:** Distortion. Distortion field.

455 **SENTURIA:** Right. Distortion field which is that's interesting, but I'm going to ignore
456 that reality and create my own. So I had a tiny – I mean a molecule of that in my –
457 [phone ringing] this is important.

458 **CARUSO:** We were talking about Jackie Townsend PR firm.

459 **SENTURIA:** Oh OK. So about reality and Steve Jobs. Are we back on.

460 **CARUSO:** Yes.

461 **SENTURIA:** OK. So I want to be sure that your listeners or researchers don't have any
462 kind of a sense of unreasonable arrogance. So I go get an artist to draw a picture of a
463 kiosk floating in outer space, stars, it's beautiful. And Jackie is able to get this picture,
464 this little picture, on the last page of Business Week in the winter of [1996]. Coming
465 to an airport soon. It's maybe six column inches, maybe, maybe it's only five. It's like
466 boop, boop, boop. With a picture – now this is important for entrepreneurs – of
467 something that doesn't exist. That's really an important concept. You've got to
468 remember this sort of ties to all the other things I've done all my life which mostly
469 you're out of your mind if you're going to build a 40 story building. It's OK. It was a
470 good idea at the time.

471 So the phone rings about a week later and I have a company that consists of a
472 secretary, a bunch of geniuses that are working somewhere writing code and the
473 phone rings and a guy tells my secretary that he's Gary Avery. He's with GTE in Dallas
474 and he'd like to talk to Mr. Senturia. I decided that's a joke because she said
475 somebody – she didn't have the name, but she said somebody from GTE is calling. So
476 somebody is working me over from the article so I say "Get a number. I'll call him
477 back."

478 So I wait about five, ten minutes, I called back and when I called the number the lady
479 that answers the phone said GTE. I can't believe it. I said "Can I speak to Mr. Avery?"
480 Mr. Avery says, "Hey. I saw that picture in Business Week and I'd like to order 20 of
481 those for the Dallas Ft. Worth airport. I'm in charge of the airport communications."
482 Huh? He says "When can you deliver them?" I said, "April? May?" He says, "That will
483 work." I said, "Great. We'll deliver. I'll start sending the contract and the email." We'd
484 never built one of them, but now we had a business. We had an order for 20 of these
485 gizmos at the Dallas Ft. Worth airport and we were in business.

486 So we build a bunch of those. We go to La Guardia. We got to a couple other airports.
487 We've got a business. It's not a great business, but it's a business and little by little we
488 realized we're trying to raise money, we're talking to venture capitalists, I get rejected
489 by 75 people because you've never been a CEO before. "Who are you? Do you have a
490 degree in computer science? No? Are you, have you ever been a CEO? Have you ever
491 owned a startup? No? Then we can't..." "But don't you understand. I'm really good at
492 this." "No. No. No." So I'm telling all entrepreneurs no is OK. No is just like – it's like
493 "do you want milk in your coffee?" "No." It's OK.

494 So we screw around for a couple of years and then something – and this is a long
495 story and I won't bore you. We won some awards. We get some money from
496 Microsoft. But the best part of the story is this. We're installing in La Guardia and we
497 send a guy named David Pattison. Smart, I love smart. And he goes to La Guardia to
498 hook it up and install the stuff and to ship it across and you've got to get to the
499 internet and the internet's – remember in the mid-90s the internet's not exactly – you
500 couldn't just push a button and say welcome internet. He's flying back. He comes to
501 see me the next day. He says "I had an idea. Why are we doing this in a kiosk? It's
502 heavy. Why don't we take the software which is really brilliant and put it in hotel
503 rooms?"

504 Now what's important here is that good ideas do not come necessarily from you, the
505 CEO, Sir or Ma'am. They come from your team. Learn to listen carefully. This was an
506 enlightening moment. Didn't need all wood, the kiosks. Why don't we just put it in a
507 hotel room and let the business traveler which was our customer, connect to it. That
508 was a big deal. So anyway there was a lot of – I'll give you one last story. We raised
509 some money. We develop the software.

510 **CARUSO:** No. I was just checking.

511 **SENTURIA:** I'm OK. I'm going to – you're not bored to tears?

512 **CARUSO:** No.

513 **SENTURIA:** Here's what's important. We raised some money, we built some things,
514 we get some hotel contracts and then you get to the summer, the spring of '99. Now
515 the spring of '99 you could sell a paper cup for \$11 million. It was wild. We need to
516 raise a lot of money because this was a screwy business. You had to put the stuff in
517 and then you get paid over time, 18 cents a minutes, \$25 a month, \$100. It didn't
518 matter, but you got it.

519 The hotel says "Hey. We're the hotel. We're not paying for anything. If you want to
520 put this stuff, this jack..." We had a little thing in the wall where you plugged your
521 laptop in. By now there are laptops and business travelers wanted high speed internet
522 in hotel rooms. We said, "You can charge \$12 or \$13 high speed internet in hotel
523 rooms."

524 So we get to the spring of '99 and a company called CAIS Internet, C-A-I-S, CAIS
525 internet goes public and raises \$107 million and they're in the same business we're in.
526 They're in the internet telecom business, but their software is lousy. Fair is fair. And
527 250,000 rooms come up for bid in the summer of '99. So we don't like each other. It's
528 run by a guy named Ulysses Auger III. Unfortunately Ulysses died a couple years ago.

529 And I would argue that one of the themes for entrepreneurship, people don't really
530 do it for fame and they don't do it for fortune. What they do it for is revenge. They
531 want to show their mother, their father who hated them, the mother thought you
532 were worthless, my music teacher gave me a C. I mean you take all the accumulated
533 slights and hurts and pains of all the time you spent and you amalgam them, you
534 compress them into a single laser lighted ball and that's the way you light your
535 startup. You are doing it I think because you want to show somebody.

536 And I'll give you my best example of that. So there's a guy in the Silicon Valley name
537 Zuckerberg. He starts a small company and why? Because he couldn't get laid with
538 his girlfriend who said no to him and he said "I'm going to show you" and \$48 billion
539 later I think he really did. I believe that that is a driving theme for entrepreneurship.
540 There are lots of other themes, but that's one that interests me.

541 So we get to the summer of 1999, I call up Ulysses and I say 'Ulysses. Look. There are
542 250,000 rooms here and we keep lowering the price. You're bidding \$4. I'm bidding
543 \$3.80. We're killing each other. We're both going to go broke. This is insane. Why
544 don't we work together?" He says, what did he say? He thought about it. He wasn't
545 sure he wanted to do that.

546 And then I said "Well look. Let me put it to you this way Ulysses. This is really crazy.
547 The space isn't really big enough for the two of us so I've decided that I'm going to
548 buy your company." You've got to stop for a minute. You've got to go back a little bit.
549 So let me ask you a question Neil. How much money did you have in the bank in
550 August of ['99]? You have two months of payrolls left. And you call up Ulysses and
551 you say "This town isn't big enough for the both of us and if anybody's going to – I'm
552 going to, I've decided I'll buy your company and we'll consolidate. I have the best
553 software."

554 Now Ulysses – remember Ulysses Auger III so he had, there was a Ulysses Auger II
555 and I'd been to a dinner with him so he's somewhat privileged. He says, "Mr. Senturia
556 if anybody's going to do any of the buying it's going to be me." I said "OK." I sold the

557 company to him for \$80 million, closed it 60 days later. Now I'd say to Ulysses that if
558 you ever bothered to look at the balance sheet we had no money. We would be out of
559 business in 60 days. You could have had the software for a nickel, but sometimes ego
560 and pride and luck come in to play.

561 That was the first company and then we've had seven or eight others. Half a dozen
562 successes, couple of failures, one we ran into the ground, one we tried to bend the
563 laws of physics, but I don't think each company is as interesting as the principles
564 behind them at least for me. So if you're asking about how I think about technology
565 I'm interested in like anybody big markets, great technology, but I'm really interested
566 in people. I spend a lot of time interviewing people. Can I bet on this person? Mostly
567 I've been right. Occasionally I've been wickedly wrong. And I spend a lot of time
568 saying "What mistakes did I make?"

569 I'll tell you that if you put 100 CEOs in a room and asked them what's the biggest
570 mistake they ever made 99 would say the following. "I waited too long." Hiring is 40
571 percent of the CEO's job, maybe 50. I think you're constantly working the room.
572 You're constantly recruiting. You're constantly thinking about how to improve the
573 team. These are critical functions. Now I would also say that I've had the benefit
574 because I had a miserable childhood. I've had almost 40 years of either psychoanalysis
575 or psychiatry or - I mean I have - the only person more than me is Woody, Woody
576 Allen. I mean so actually got good at this and I've learned something so I'm somewhat
577 good at interviewing people because I spent 40 years in a sense interviewing myself.
578 I've reached a point with my therapy now where every other session I sit in his chair
579 and he tells me how he'd like to be an entrepreneur.

580 So you come to today, which I recently just this morning sold my stock in my last
581 company to my partner very pleasantly. I've got no complaints. I'm not going to be
582 the CEO ever again. It's interesting. People get confused. The founder comes to us all
583 the time. I write checks. I fund companies. I'm a small time VC and often, frequently,
584 at least 70 percent, 60 percent of the time the founder is not the CEO. Now he
585 doesn't know that. He comes in and he says "I'm the founder and I'm the CEO." As a
586 matter of fact he'll say "I'm the CEO, Chairman, President and head of worldwide
587 global strategic advisory services." And I say "I'm not so sure, but I think you are the
588 founder."

589 I will tell you the CEO job is a lousy job. It's the hardest job. It's the worst job. You
590 don't want that job. What you want to be is the founder with the largest amount of
591 early common stock at 1/100th of a cent. You do not want to be the CEO. That is a
592 tough job so I'm not going to be the CEO anymore. What interests me is that the
593 young people who come to me often get confused with you can be the founder and
594 you can own a lot of it, but if you've never sold consumer electronics and if the thing
595 you're building is a consumer electronic why don't we get a CEO who's actually from
596 the consumer electronic business.

597 **CARUSO:** Right.

598 **SENTURIA:** And they say "No. I have a vision. I can do it." And I say "Great. But not
599 with my money."

600 **CARUSO:** So I do have two questions if you still have time.

601 **SENTURIA:** I've decided that you are my afternoon's work.

602 **CARUSO:** OK. So one thing I'm curious about and given – and we don't have to sit
603 here and talk about all the different startups, but I'm wondering if there was
604 something about this area, the San Diego area, that helped foster the ability to create
605 those startups around here.

606 **SENTURIA:** Yeah. That's a great question.

607 **CARUSO:** You mentioned briefly. I know UCSD has and CONNECT, that has been a
608 heavy involvement. There was in some ways the tradition of the biotech for a number
609 of years before you started getting in to it. I'm wondering what it is about the area
610 that really contributed to the ability to do those things or is it more just –

611 **SENTURIA:** I think there is a reasonably strong ability to collaborate [in San Diego].
612 Now I'm going to tell you that I think that's also changed. I'm going to be a little bit
613 dark. I think if you look at the '90s and the 2000s, 2000 to 2010 let's say. I mean those
614 were difficult years for venture, but there was a collaborative quality. I mean I was
615 able to hire great people. I shared a vision. I thought we could make something good.
616 We could maybe make some money. I was able to attract high quality talent. I was
617 fortunate. I was blessed. I was the beneficiary of an environment in which
618 entrepreneurship began to not only blossom, but burgeon. It exploded.

619 What I'd say to you over the last couple of years is that there's almost if you will – this
620 is a little arrogant. Too much. Now let me give you an example. San Diego currently
621 has 17, 17 I know for a fact because I was on the panel, incubators or accelerators
622 currently today. So you have this slight sense that there's – if everybody's an
623 entrepreneur starting their company then there's nobody to work at any of the
624 companies. You literally – if everybody's the CEO then nobody's doing anything. You
625 can't build anything. Look at what Peter Thiel is doing. He says "I'll give you \$100,000
626 if you don't go to college, leads to a – this is going to sound terrible. Sort of a get rich
627 quick, gold rush mentality that doesn't feel as collaborative as it once was.

628 Now you can discount that with "You're an old man. You don't know shit." I mean
629 that's possible, but the environment today is rife, it's full. There's lots of activity in
630 this town, but I was fortunate. I was lucky that I came along at the right – now I mean
631 let's go back to Kahneman. I've been standing on that train platform all my life and I
632 have been the beneficiary of it. I caught the best of the middle of the years of sitcoms.
633 It was great. I caught the best of the real estate boom when you could tie up \$100
634 million for \$11.07 and I caught the best of the technology boom in the late '90s and
635 certainly through the middle 2000s, before 2008. And I was lucky in finding teams
636 and people.

637 Now you get a little bit of credit in that you can't be lucky 10 times so you must have
638 had some qualities that enticed or encouraged people or empowered people, but I
639 was lucky. And the collaborative nature today appears to be a little less. The other
640 sentence about San Diego is in 2000 and 2001 we had 14 venture firms, Enterprise,
641 Windward, Mission, Shepherd, Hamilton and others. Today we have many in
642 biotech, in technology maybe you've got three. I don't even know if you can name
643 them. Maybe two. You've got a lot of angels and you can have a whole other
644 discussion about how angels have supplanted the seed round or the A round or the
645 whatever, but the sort of – the media's fascination with short term gain meaning an
646 app, an app that sells for \$100 million.

647 **CARUSO:** Right.

648 **SENTURIA:** Not solving a hard problem like cancer. Not solving a hard problem like
649 what Venture did with the genome, but sort of a get rich quick mentality has dumbed
650 down – that's not quite the right word – has negated. I don't have a word for it, the
651 collaborative, let's do something hard and let's do it well. So San Diego is at this

652 moment where there's essentially one incubator for every 29 members of, people who
653 live in San Diego and everybody says "I'd like to start my own company. I want to be
654 an entrepreneur."

655 Here's what I'll tell you. I teach entrepreneurship. I don't think you can be one. I can't
656 teach you to be one. I can teach you the principles of how to think in an
657 entrepreneurial way. I can't teach you to be one. It's not something you can, I'm going
658 to be a plumber. You know how you be a plumber? You go to plumbing school. I
659 don't think there's any school for entrepreneurship. So there's this – you go to your
660 parents. They just spent four years. You went to Yale, cost \$165,000 - \$200,000. You
661 come home and you say "Well I was going to be an art history major and now I'm
662 going to be an entrepreneur" and they disown you. I don't know.

663 **CARUSO:** So earlier we were talking about the notion of do you want to be king or
664 do you want to be rich. You also mentioned the revenge mentality as part of the drive
665 to build a company, to develop something. Do you think in some ways –?

666 [Phone ringing]

667 **SENTURIA:** That one I can ignore.

668 **CARUSO:** Do you think in some ways the revenge component is no longer in there?
669 It's no longer about proving something to someone else, but since it's now focused on
670 just the money.

671 **SENTURIA:** Well it's really – that is an enormously perceptive comment and I want
672 to thank you because I hadn't considered that until just now. If you – this will be, only
673 time will tell, but it's very possible that if you went and looked at the very first
674 entrepreneurs, the guys who built HP and Intel and think they're, they were
675 technologists. They were brilliant and they solved hard problems like silicon chips. I
676 think there's a 15 or 20 year period in the middle where passion, discipline, dedication
677 and to some extent my theme of revenge, of showing either showing somebody that
678 they're wrong or that I can do it better or that I can find a solution had some
679 component. And I think it's a very interesting comment.

680 I'm not sure that the young people who come to see us. Remember I see – I don't
681 know, 15 deals a week. So me and my partner we see a lot of stuff. I mean it's nothing
682 unique. We're not – if you're looking for money there's 11 places. You stop. We have

683 an address. And if you said to me how many times do you see sort of that
684 characteristic which is, yeah, I know there's a wall there, but I don't see it. That wall
685 doesn't – I'm walking through that wall. I need to walk through that wall. I need to
686 demonstrate – one of the things that I like – look, I love engineers. I've hired lots of
687 them. I feed them. I take care of them. I pay them. I massage them.

688 I love engineers just the way 25 – 30 years ago I loved architects. I have a little letter
689 signed by all the downtown architects that called me – I was the father of downtown
690 architecture. It was nice. It was probably wrong. So I like that kind of creativity. I
691 mean engineers are brilliant.

692 I'm not sure that in the characteristic of the entrepreneur, yeah, it's sort of I need to
693 do it. If you were a writer, people who write, you don't elect to be a writer. Writing
694 picks you. You say "I have no choice. I need to be a writer. I need to write." It is what
695 happens with acting. "How did you become an actor?" I didn't say "I went to college
696 and I think what I'm going to be..." You get picked. It forces you. It grabs you. It
697 insists that you become and I think for me, remember I'm over 60. For me
698 entrepreneurship was I had to. I had to. It was important to me. I refused to fail.
699 Believe me, I failed, but it was hard to – I didn't – that was not an outcome that I
700 anticipated. I intellectually knew, yes, you're going to drop dead, you're going to pay
701 taxes and you have a chance of failing, but I didn't buy the third one.

702 And I don't know if that's the case today because of the environment. It's a little too
703 much get rich quick. It used to be the exit. There was no exit. Jim Collins wrote Good
704 to Great and Built to Last. Did you build a company to flip? Built to last or built to
705 flip? That's the speech. If you go back to the great companies they were built to last.
706 And I hear somehow if you say to them "What do you think the exit is?" "Oh I'm
707 going to get somebody to buy it." That's like the famous broker story where you buy
708 all the stock and finally you say sell and the broker says "To whom? You own the
709 company." So I don't know. I don't know. You asked a hard question.

710 **CARUSO:** Just following on that and certainly you also have spoken about hiring
711 high quality talent engineers that were great. I'm curious to know where you found
712 those people. Were they here? Or were you making connections maybe through
713 CONNECT itself, finding people outside of the area, across the US? Like where were
714 you finding these people?

715 **SENTURIA:** Well, you can build a technology team – one of the companies I built
716 was called LonoCloud. We had a dozen engineers and only one lived in San Diego so
717 you can do that. Let’s go to the real sentence. The question you should be asking is if
718 you’re a talented engineer are you going to stay in San Diego or go to Silicon Valley?
719 That’s the hard – that’s the dark question. They’re going to pay you more in Silicon
720 Valley without question. It might cost – cost of living might be more. Here’s the dark
721 sentence about the engineering story. So the great engineers say “I’m going to take a
722 job in the valley because if it doesn’t work out there are ten other companies that I
723 could go to. If I take a job in San Diego and it doesn’t work out there’s really only
724 three other companies.”

725 So the engineer he’s not stupid. He’s going to hedge his bet. He’s going to try to get
726 on a rocket ship. He knows there’s risk. Leaving aside the differential between paying
727 somebody in San Diego 120 and 170, let’s pretend the differential didn’t exist. But the
728 dark sentence is your community here doesn’t have as much opportunity in case I fail
729 at the one I picked.

730 We’ve been lucky. We’ve attracted great engineers and ironically a few of the
731 engineers that worked for me in companies one and two now work for me in
732 companies seven and eight so that just shows they have poor judgment. There’s no
733 magic to it. I will tell you the best story I once got about engineers. All the engineers
734 listening or reading this will love it. So I have an older guy – I’m young at the time.
735 The older guy says “Do you know the difference between a good engineer and a great
736 engineer?” I said “No.” He says “You’re going to pay a good engineer 95. You’re going
737 to pay a great engineer 115. But the difference is the great engineer is worth a million
738 [dollars].”

739 The difference between good and great in those skill sets, that’s magic. It’s magic.
740 Now you try to tell – I tell you what’s interesting about engineers and magic. So we
741 teach this class and we have like 40 students. Half are working toward their Ph.D. and
742 a third are working computer science engineers. They’ve come to us to ostensibly
743 learn how to start a company and you say to them well see, we do something simple
744 like “Well how do I value my company? What’s the pre-money evaluation of my
745 company?” He said “Well you make it up.” It’s sort of there’s no formula. “What do
746 you mean there’s no formula. I’m an engineer.” See an engineer there’s got to be a
747 formula. No. No. It’s magic. So it’s really hard. What do I spend time on? I try to teach
748 engineers magic. I love it. I love it.

749 And I'll give you another sentence. So one of the things I teach in entrepreneurship I
750 say "Entrepreneur needs to not only tolerate ambiguity. It means to embrace
751 ambiguity." I mean I love that. Can you go to bed and sleep well enough at night with
752 it unresolved? Can you tolerate and actually embrace unresolvedness. Now I happen
753 to love four dimensional chess. I'm really good at 17 moves ahead. It's something - it's
754 like being a savant in this one little - I'm good at that. I didn't learn it. I'm good at
755 that and I'm OK that I don't know exactly where that road is going. I only know that
756 tomorrow I'm OK and tomorrow I'm OK even though it's not figured out. And it's
757 hard for the engineer who grew up his whole life two and two are four. Two and two
758 are four. They're not 3.973. They are four. They are. If you say "I wonder. Could they
759 be five and a quarter? Could we..." Huh? Wow. I mean that's hard stuff. I happen to
760 love it.

761 **CARUSO:** So I now have three kind of broad questions. One of them is I'd like to
762 hear a little bit about your perspective as someone who both went to VCs for funding
763 and now serves as a VC. What have your experiences done to shape your perspectives
764 on funding people who are looking for money?

765 **SENTURIA:** I'd love to answer.

766 **CARUSO:** OK. So we'll start there then.

767 **SENTURIA:** So first company we tried to get funded I think it's nothing original. We
768 talked to 60 people. We actually, the very first company that I ever got funded was
769 funded by the Patricof Company, Alan Patricof. He's famous. He's the dean of
770 entrepreneurship. He's in New York City. He's a god. Go to see him. First time I don't
771 get to see Allen. I see his junior guy Tom Hirschfeld. I love Tom. Tom says
772 "Interesting. No." I said, "OK." But I'm relentless. That's another characteristic I think
773 you can't teach, but OK. So about six, seven months later I stay in touch. I go fly back
774 to New York. I go see Tom again. This time I see Tom and Gene Levy, who both work
775 for Patricof. "Interesting. No."

776 OK. Then I get an interesting turn of events. Alan Patricof's son at that time is going
777 to college and he wants to go into the kiosk business. Holy shit. Can you believe this?
778 And Alan calls and says "Can you talk my son out of that business?" I said "If you'll
779 fund my company." Anyway they finally did and they made a lot of money.

780 But in general the answer is I think that the venture business certainly has changed.
781 It is a broken business. There's 100 guys who will tell you why. I think what was
782 happening for me in the '90s. I'm in San Diego. I'm a nobody. I've never done it
783 before and I didn't have a pedigree and I was too old. I heard on the NPR today that
784 the maximum age that venture capitalists today in the Valley will fund is 32. What?
785 Are you telling me – on NPR this morning it says after they're not funding. It's like
786 you can't have a baby after 40. What are you talking about? Thirty-two.

787 Well when I started this racket after having been in the movie business and the real
788 estate business I was 41 or 42. You're too old and you're not a computer – so my
789 experience of them was lousy. I didn't like them. I think they're kind of arrogant. Now
790 here's the sentence they won't tell you. There's a great – remember I was in the movie
791 business so there's a famous guy named William Goldman. William Goldman wrote a
792 lot of great movies, one of which is Butch Cassidy and the Sundance Kid. He's won
793 Oscars. He's great. And he says the following when he talks about the movie studios.
794 He says “Nobody knows nothing.”

795 The corollary to that sentence is if you were a studio executive and you said no to
796 every single script that came to you you'd be right 84 percent of the time. I mean
797 think about a business where you're right 84 percent of the time and all you have to
798 do is say no. So I think the venture business as I experienced it is a lot of nos. They
799 don't exactly know what they really are looking for. It's hard to figure it out. They
800 wrote up – you know the 2 and 20 racket is really about how big of fund. They live off
801 the fees. They never really get a carry. It is a rotten business. They tell you that they're
802 going to be active, that they're going to help you and they don't.

803 Now having said that, the corollary, you asked me the question what do I do
804 differently? I say no quickly or yes. I really write a check. It's my money so I pay close
805 attention and I try to be helpful in telling the truth. Now let's spend a minute here. So
806 remember there's this whole incubator accelerator ecosystem. And by and large
807 they're in the business of “That's good Tommy. Keep going.” They don't tell Tommy
808 that's a terrible picture. “Tommy, you can't draw. Tommy, the last thing you should
809 be is an artist.” So the business is it's like “Oh that's good.” It's hard for people to say
810 no.

811 I think that they're entitled to real truths so if somebody comes to see me I say “Look.
812 Here's what I think” and I'm firm, hopefully constructive, try not to be rude. I'm

813 never late. I don't make people wait. I mean it's constant. You fly up and they say "Oh
814 he's got a better meeting. He'll call you tomorrow." I just flew up. I spent \$800. I took
815 the whole day off. I'm in Silicon Valley. "I'm sorry. Mr. Jones is not available." That
816 kind of behavior is unacceptable whether – it doesn't matter what business you're in.
817 You can't do that. So at least if you come to see me I actually am there within five
818 minutes of when the time is. I think that's really important.

819 I think telling the truth is really important. The classic VC says "That's interesting. I'll
820 take it to my partners. I'll get back to you in three weeks." They don't call back. The
821 reason people hate VCs is that they're rude. They treat you badly. Now remember
822 they're in the business of trying to find good people, great companies, good deals.
823 You wouldn't act badly if you were like – it's adverse selection. It's like bizarre. So I
824 guess that's how I view it.

825 What I've changed is this. Remember I still don't have [a real fund]. I mean
826 comparatively I'm still a pisher. So the way we think about deals, the way I think
827 about deals is don't come to me after you've raised \$3 million and ask me for
828 \$500,000. That's not my deal. Come to me when you haven't even started the
829 company, you have an idea, you took my class, you graduated from UCSD, – I'll take
830 an idea and I'll help you build a real company and I'll write the first \$100,000 -
831 \$200,000 - \$300,000. I'm glad to do it, but I need to be at the beginning because I
832 really don't have a fund. I don't have \$200 million that I've raised from pension funds.
833 It's my dough. I'm writing the check and I want to be early where I can have some
834 impact. It's also it's a lot more risk at the beginning. You're going to get your brains
835 handed to you. That's OK.

836 **CARUSO:** So along those lines this was one of my other questions. I know that San
837 Diego generally, the city, university, the institutes out here have done stuff over the
838 years to foster the community, its development, its growth. Making sure land is
839 available, working with producers. I know the university re-envisioned their patent
840 system and things like that.

841 **SENTURIA:** Whoa. Whoa. Before you finish that question put a pin in tech transfer
842 and go ask some people about that.

843 **CARUSO:** I know so I've spoken to some people at the university so it's coming from
844 a certain perspective. But I'm just wondering if there are, if there are things currently
845 happening in this area that either continue to benefit or foster this, these

846 developments, these companies or are there any limitations in place. I mean one
847 thing I did hear about a lot is how much it costs to live in San Diego. And people
848 wanting to start up here it's not going to be as cheap as it was 30 years ago.

849 **SENTURIA:** Yeah. I don't buy that. The places that have, where there's action.
850 Boston, nothing cheap in Boston. New York, San Francisco, Los Angeles, San Diego,
851 Austin, Texas a little bit. I could live with that, little Chicago-ish, but gentlemen the
852 irony is the places of the greatest concentration of both money and talent also
853 happen to be really desirable places to live because there's money and talent there. I
854 don't think anybody is limited. It's a little arrogant. Yeah, it's expensive to live in San
855 Diego. It's certainly cheaper to live in Salina, Kansas, but you're not going to get a
856 startup in Kansas because you're not going to be able to build a team because the
857 great engineer don't live in Salina, Kansas. If you're a great engineer you come to San
858 Diego, Los Angeles, Orange County, San Francisco, Palo Alto, I made my point,
859 Seattle. I mean Microsoft owns Seattle. So that's not the limiting factor. The limiting
860 factor is good ideas [according to Bill Sahlman], a famous [entrepreneurship
861 professor at Harvard Business School].

862 He says "There's never been a time in history when there wasn't more money than
863 good ideas." He said it more beautifully. It's in my slide deck. An oversupply of ideas
864 and – so there's also a little bit of a sense of rush. Now remember that may be because
865 you're old so I'm discounting that sentence. But it used to take longer and more
866 money to build a company. Let's put this on hold for a minute.

867 So I was talking about – you asked about some limitations. Well I'm going to tell you
868 that the cost of housing is not a limitation. I'm going to tell you that in San Diego
869 when you get done with everything one of the big limitations is we are a poor
870 stepchild of Silicon Valley. It may change. I'm not sure. You might not ever be able to
871 really solve that problem. It's too glib an answer to say it's just money. It's not just
872 money.

873 I'll give you another bad sentence, not necessarily true. If you go to the venture
874 capital boys in the valley they'll say "You can't build a big company in San Diego." You
875 say "Why?" "You don't have enough talent." They, Silicon Valley, would say that
876 there's a shortage of management talent and technical talent. You can't build a 400
877 person company here in technology. Qualcomm is unique and of course it started in
878 the '80s. I don't know that what they say is true. I'm simply telling you what they say.

879 We do have big companies [in San Diego]. Illumina is a giant biotech company. We
880 had WebSense which has a couple hundred people active, had a couple of hundred.
881 So it's a little bit bullshit from the valley.

882 But what we don't have – let's tell the real dark truth. We have no super angels. Let's
883 tell the real truth. The limiting factor in this town is that I am in the top ten of the
884 angels and I'm a nobody. I mean in the valley there are 100 graduates from various
885 tech companies and they all have 20, 30, 40, million and they're players. They're super
886 angels. They write checks for \$200,000 - \$300,000 - \$400,000 and they'll write 20 of
887 them and there is no one, not one in this town who really is a super angel.

888 I mean I always make the joke to Barbara. I say "Look. If I'm the – if you look in the
889 mirror and you're the super angel sweetie this town is in trouble." You can fill in
890 that's a blank. So that's the truth. And you say "Well why?" and I'll say because [in
891 San Diego], we have had comparatively few monster exits. So watch how it works
892 together. If you had a dozen, OK, so the valley, 30 exits of \$500 million to \$1 billion
893 over a ten year period. You've created several thousand angels who are young angels
894 meaning less than 50. They didn't make their money in electronics in Kansas and
895 move to San Diego. Let's tell the truth. Most of our angels made their money selling
896 electronics or clothing or whatever in Kansas or Kentucky or Michigan. They come to
897 San Diego to retire. They want to be an angel. It's \$25,000 - \$50,000 - \$25,000. Bupkis.
898 That's a legal term, bupkis.

899 There's no super angels because there have been no monster exits in this town to
900 create indigenous living here and still committed less than 50 year old super angels.
901 That's the darkest sentence of them all. That's why you won't really build big
902 companies here. You can get pretty good sized companies. You can get companies
903 you can flip. You can get companies you can sell. You can get companies that will go
904 to the valley. You can even get companies that go public, but you don't have 50 – 100
905 super angels. And today – now watch how it fits together because the venture
906 business both is rotten, stinks, and doesn't work and has had literally to be in the top
907 25, top quartile of the venture funds started in 2000 you had to simply return 92 cents
908 to the dollar. If you lost money you were in the top 25 percent. Give me a break.

909 So we don't have – we've got an ecosystem of CONNECT and incubators and
910 accelerators and UCSD and SDSU and USD and we've got Scripps and [Sanford-
911 Burnham and Salk] and we've got Thornton and we've got the in San Diego. We're

912 loaded with talent. What's happening is the venture business is moving upstream
913 meaning they only do a series A of \$5 million to \$10 million for funded companies that
914 have traction, that have revenue, that have customers. Then earlier stage funding falls
915 to the angels and our angels, they've got very short wings. I think it's unlikely that
916 that will change in the next five to ten years.

917 They sort of grew up here. They come – if you're in St. Louis, Missouri you're not
918 going to pick San Diego over Palo Alto. You're going to go like Zuckerberg did to San
919 Francisco. You're not coming here. And the money that comes is money made in a
920 different time in a different business. So we've got a lot of rich people. They live in
921 Rancho Santa Fe, Del Mar, La Jolla. We've got a lot of money, but without the history,
922 without the imprimatur, without the motivation to invest in the startup community.
923 And that is the truth and that is a real and dark sentence. You can wave your arms all
924 you want and talk about collaboration and incubation and operation and
925 masturbation.

926 It doesn't matter. You're not going to have at this time enough real dough. It's kind of
927 depressing. I mean that's the truth. That's different from me telling you it's a
928 wonderful thing and everything's great and everybody's happy, we're building lots of
929 companies. Yeah. That's not – it's sort of true but it's like not really true. It's a little bit
930 of the emperor has, he has some clothes, he's wearing Munsingwear underwear, but
931 he doesn't have pants yet.

932 **CARUSO:** So my last question has to do with – I am curious about your – I'm
933 lumping all of this together, but feel free to break it up if it's more appropriate, your
934 columns, your book and your interest in teaching.

935 **SENTURIA:** Well, I'll tell you a story. As you can tell I like to tell stories. So in 2008,
936 my wife and I start a company called SDNN, San Diego News Network and remember
937 there's a slide in my teaching that says "Don't bet against the macro." So in
938 September of 2008 we start a company. We get the wrong team, the wrong idea, the
939 wrong – everything's wrong and on September 15th I believe you'd be aware Lehman
940 Brother's goes broke. Great, you're doing great Neil. You're just doing great.

941 We get to the spring of '09. We need money. We're running out of money and sure
942 enough the market at that time, April 17th, 2009 is 6600. Today it's 16,000 so good
943 job, Neil. And we hang on for a year because we care deeply. My wife was a journalist.
944 She worked at the Sacramento Bee. She worked at the LA Times. She was a Harvard

945 MBA and she's a journalist. She cared deeply. So here it was. We were going to take
946 the print, revolutionize print. Everybody's tried to do this and digitize and make new
947 media. We were going to bring it online.

948 We run it into the ground and in the [fall] of '10 we give up. We go broke, take our
949 loss and lick our wounds and this one really almost killed our marriage. I mean really
950 we were – it was hard. Everybody says – I'm reading a book. I'll give you – this is the
951 next thing you've got to read. Ben Horowitz, *The Hard Thing about Hard Things* is
952 they're hard. This is like real. This is the hard thing about hard things. That's why
953 they're hard. Everybody wants to be the CEO. It's hard. I want to make it really clear
954 it's hard.

955 So I get to the June of '10 and I realize I'll never work again and I am a total and
956 complete and abject failure. Now remember I've had a lot of successes, but I can't feel
957 any of them. That's my own nutsiness. And since I'll never work again what I'm going
958 to do is I'm going to be a consultant.

959 **CARUSO:** OK.

960 **SENTURIA:** Oh my God. So I go to talk to a consultant. Consultant says "If you want
961 to be a consultant you have to have a book. You can't be a consultant without a
962 book." I said "I'm there." So I play golf and I say to my golfing pal Kent Smith, I say
963 "I'm going to write a book. Kent later tells the story. He's in the book. And he says
964 "I've heard that from a thousand people, but the strange thing about Senturia is he
965 told me in June and in September he finished the book." So here's how I did, a book
966 of 220 pages is 74,000 words. You need that. You cut it down to about 65,000 words.
967 Remember I was a writer so I simply sat down every few days. I had set times and I
968 wrote 1,000 words, 2,000 words, 2,000 words, 2,000 words until I'd written 75,000
969 words and then I edited to 62,000 words.

970 And the theme of the book was this. I was angry that no one told the truth. I was
971 angry that they lied to you, they conned you, they – everything's wonderful.
972 Everybody gets gold stars. So I wanted to write a book that said here's the truth which
973 is what I did. And of course "I'm there for you baby" is what every Hollywood
974 producer says after they – I believe the word starts with an 'F,' but I can't use it. That's
975 what Hollywood producers do and they say, the other thing is I think the book's right
976 there. I'll give you a copy. Hold on. I don't remember my words anymore, but you
977 haven't read the book so I'll give you a copy of the book.

978 Three things this book starts with. Oh yeah. Here are the three things that Hollywood
979 producers say. “Let’s do lunch.” “I’ll get right back to you.” And the one thing that
980 brings it all home, the granddaddy of them all, and “Hey, I’m there for you baby.” So
981 the book was important.

982 Now here’s another example of sort of – I wouldn’t call it unintended consequences,
983 but I’d call it – I don’t have a word for it. So the book costs, to do this – it’s a
984 hardcover book. It’s a beautiful book. It has 223 pages. It has 215 rules, lots of rules.
985 It’s beautifully done. It has a lovely cover. There’s a picture. It has a Library of
986 Congress. It’s a book.

987 **CARUSO:** Yes.

988 **SENTURIA:** And of course no one will publish it. Actually what happens is I send the
989 book to a guy who was a big shot in town who has written books. I say “What do you
990 think?” He takes two weeks, he writes back and he says it stinks. He says
991 “Furthermore you’ve got way too many rules. You can’t have more than seven rules.”
992 OK. What? Like you can’t fund anybody over 30. You can’t have more than seven
993 rules. I said “All right.” So anyway I publish it myself. The total cost of the book
994 published, out the door, \$15,000 - \$16,000. I get a Sherpa to help me. I found
995 somebody to help me. I knew what I didn’t know.

996 The book turned out to be enormously valuable. It became a calling card, like a
997 calling card. So I literally have raised from people who have read the book over \$25
998 million. \$25 million has come from people who have read the book and said “You’re a
999 great guy.” So it became like business card, but it was 220 pages long.

1000 And what I liked about it is did you have any expectation that there would be any
1001 monetary recompense from the book? The answer is no. I expected to lose money. I
1002 was OK losing money. I wanted to do it because I wanted to do it because I wanted to
1003 prove, back to revenge, that I could write a book. And then ironically I ended up
1004 being quite successful. The book sold a couple thousand copies, it’s on Amazon, but
1005 it’s not – I’m not going to live off the book, but it became who you were and you
1006 could tell somebody “If you read my book you’ll know a lot about me in which case
1007 you can decide whether or not you want to be an investor.”

1008 **CARUSO:** Right.

1009 **SENTURIA:** So that's the book. That was how the book came to pass. So here's how
1010 the column comes to pass. In the meantime I had taught at SDSU in the business
1011 school. I had been a – I'll tell you a great story. So I got a job teaching a real for credit
1012 at SDSU in the graduate business school. I taught a course on entrepreneurship and I
1013 taught it for five years. I left. You say "Well why did you stop?"

1014 Well I'll tell you a story why I stopped. So I was somewhat of a difficult – how could
1015 you possibly imagine that, person in that I said "Look. I want to teach starting at 6:00
1016 and I want to be done at 9:00." See we have blocks. OK." I said "No. You don't
1017 understand. I'm only going to start at 6:00. Like 7:00 is too late. I'll be asleep." See the
1018 classrooms are all booked 4:00 to 7:00, 7:00 to 10:00 and you want to start at 6:00 so
1019 you fuck up like two sets of classrooms. But they agreed that I was a good enough
1020 teacher that I actually got the highest marks of any of the teachers.

1021 So anyways here's the story. So this is SDSU. This is 2002 through 2007 I'm teaching
1022 and I'm using a blackboard. Can't stand a blackboard. Chalk, blackboard? So here's
1023 what I say to the dean of the business school. I say "I'll tell you what I'll do. I will pay
1024 for my classroom. I'll pay \$1,000 and I'll put up a white board, the kind with the
1025 erasable stuff. It's a gift. I'll pay to buy it. It's 10 feet by 6 feet, whatever. I'll pay to
1026 mount it and you can keep it. It can stay there. It's a gift. Just let me – when I teach I
1027 get to use that room." The guy said yes. I said "Great."

1028 About three weeks later I get a phone call from the dean. He says we can't do it. Huh?
1029 Well by this time I've already sent the check. Now they're not stupid. I sent the
1030 \$1,000. It only cost \$800 plus shipping. I had it wired. He says "Well you see we can't.
1031 If we take the blackboard down somebody else might want the blackboard and we
1032 can't really put this so we can't do it. We can't do it. But what we'd like to do is to
1033 take your money to use it to buy some laptops for other professors." I said, "OK." But
1034 then the next year I stopped.

1035 I stopped teaching. It was not as satisfying as I thought it would be. Look. I loved the
1036 five years and I liked teaching, but then I'll give you an example. So I'm a teacher, but
1037 I also at that time was the CEO of like three companies so I was pretty busy. So I had
1038 an assistant, a young man that had been a student of mine named Elliot Hicks,
1039 brilliant, MIT, terrific guy. So I say, "El would you be my teaching assistant? Take care
1040 of the junk that I can't do. I don't do it very well. Just manage that and I'll pay you an
1041 extra \$500 bucks" and he's thrilled. He does this for a few years.

1042 About the fourth year I'm doing this somebody finds out. I inadvertently say "We'll
1043 I'll have Elliot..." "Well who's Elliot?" "He's my teaching..." "You can't have teaching
1044 assistant." What? At SDSU the teaching assistants have a union. They have a union.
1045 Now huh? So Elliot was not in the union so either you take a union TA or you can't
1046 use Elliot or you can't teach. Now I love these stories because this is what makes
1047 entrepreneurs crazy. So I'm the highest rated teacher. Everybody was happy. I'd
1048 gotten lots of good marks. I was willing to give you \$1,000 for a white board. You
1049 turned that down and then you want me to have Elliot join a union? And that's when
1050 I said "I can't stand it any longer."

1051 I took a few years off and then we came back to teach at UCSD. I think – and the
1052 reasoning behind the teaching is again the premise is to tell the truth. There were lots
1053 of programs that say – like for example famous people get up on a panel and they say
1054 "Well I started the company. I went to the venture capitalist. I raised \$10 million and I
1055 sold it for \$100 million." But you didn't tell me the truth. You learn more from the
1056 failures than you do from successes. You know this.

1057 So I decided that Barbara and I would teach a real course the way they teach it at
1058 Harvard, case study. We would rigorously have eight or ten cases. You would write a
1059 paper. I was going to try to legitimize. That's a little arrogant. Again I'll apologize, but
1060 to make more rigorous the learning of how to think in an entrepreneurial way. That's
1061 what I started this whole discussion we had. I said "I can't teach you to be one, but I
1062 can teach you how to think like one" and it's not like you wave your arms and you
1063 start up and it's all fun. It's like there's something to learn and you can learn from
1064 cases.

1065 She had been at Harvard of course. So we took Harvard cases and for four years we
1066 taught that at Von Liebig at UCSD and we had guest speakers and I told some of
1067 these war stories that became important because here's the truth. The irony is this.
1068 The reason I was a high rated teacher at SDSU is because I wasn't an academic. I
1069 could never be a real teacher because I don't have a Ph.D., but I had a Masters. It was
1070 in the movie business, but it qualified under state limitations so the students when
1071 they heard the real story – I mean again you've got to take that with a grain of salt. Of
1072 course they liked the teacher that tells the stories as opposed to the academics who
1073 say "We've learned the following in a book, but I never started a company or did it."

1074 **CARUSO:** Right.

1075 **SENTURIA:** And that's the Ben Horowitz. That's the hard thing about hard things is
1076 you can't learn them in a book.

1077 **CARUSO:** Right.

1078 **SENTURIA:** And then here's how the column comes to pass. So after the book gets
1079 written, I send it to Jeff Light who's the editor of the San Diego Union-Tribune, U-T
1080 San Diego. We don't hear anything for a few weeks and we figure eh eh. Finally the
1081 phone rings and it's Jeff Light. He says "This is really an interesting book. I'd like to
1082 have lunch with you." This is great. So we had lunch and he says "This is really funny
1083 and terrific. Would you like to write a column?" I said "Yes."

1084 It was that simple. He said "Would you like to write occasionally?" I said "no. We're
1085 going to write once a week. We want to be on the front page of the business section
1086 and it's called I'm There for You Baby by Barbara Bry and Neil Senturia." And we've
1087 been writing it for two and a half years. I think we've missed four weeks. We take two
1088 weeks vacation. So again it's that principle of rigorous. We deliver almost 50 columns
1089 a year and we love it. We love it. They're 700 words. I'm not Nick Kristof. I'm not Paul
1090 Krugman.

1091 But I've got a place to stand and it's a combination of interviews, real people, real
1092 stories, real issues, but always around entrepreneurship, always around promoting
1093 the good stuff in the community and also telling the truth. I mean one of the columns
1094 I wrote just three, four weeks ago was the column about being fired. I was the CEO of
1095 this alternative energy company and the boys in Texas flew up and they said "We've
1096 thought about it and you're fired." And I said "Look. That's OK. It comes with the
1097 territory. When you get the letters CEO you need to expect you'll be fired." Here's a
1098 statistic. What percent of founding CEOs of funded startups are fired within the first
1099 three years?

1100 **CARUSO:** I would guess 90 percent.

1101 **SENTURIA:** No. That's a little high, 52.

1102 **CARUSO:** Fifty-two.

1103 **SENTURIA:** Fifty-two percent. This is a real statistic. I didn't make this up. So it's OK.
1104 So when we wrote that column people said "My God. You told the truth." So we've
1105 developed, it's a little again slightly arrogant, a little bit of a following. We get

1106 tremendous pleasure out of it. And so I'll end with this. And so a book, a friend of
1107 mine gives me a book called Give and Take by Adam Grant. It's a best seller and I
1108 read it about six, eight, ten weeks ago and it moves me deeply.

1109 Grant's theme is simple. He says "There's three kinds of people. There's takers,
1110 matchers and givers." And he's a Wharton professor. He didn't write this in his spare
1111 time. And he backs it up with real statistics and he gives a dozen examples. And of
1112 course the argument is that you do better as a giver than you do as a taker or a
1113 matcher.

1114 So I've come to a place in my life today, in the spring of 2014. When I looked in the
1115 mirror in January or February I said "I think I'm 55 giver, 45 matcher. I don't think I'm
1116 a taker. And I've made as a commitment that in December of '14 when I look in the
1117 mirror I'd like to get to 70/30. So all of these things – they don't pay us for the
1118 column. We now teach for free. We've changed our business model. We'd rather give
1119 – we'll teach for free. What's the advantage of that? All I want to do is meet one
1120 genius. If I meet one genius every time I teach twice a year, I did great. So I have an
1121 agenda that I'll give it away.

1122 It was like six, eight months ago and my wife says "what are you going to do?" I said
1123 "I'll be an executive coach." She said "You're really good at that." I go and I ask a few
1124 people and they say "Wow. You'd be a terrific executive coach" and I actually get six
1125 clients in less than two weeks. I'm now an executive coach. What I realize is I can't
1126 charge. I don't want to do anything for \$200 an hour. I'd rather it's a gift. I'm in the
1127 gift mode now. The new me is I'm an executive coach, I'm delighted to be a mentor,
1128 anything you want, but I'm not sending you a bill and we'll see what happens. It's OK.
1129 It's an OK model.

1130 **CARUSO:** Anything else? At the end I always like to ask if there's anything that I
1131 didn't ask about that you'd like to talk about.

1132 **SENTURIA:** No. What worries me is I gave you stories about me and I didn't tell you
1133 about San Diego enough.

1134 **CARUSO:** But the stories about you are telling me about San Diego.

1135 **SENTURIA:** If you think you got what you bargained for.

1136 **CARUSO:** I think so. More than I bargained for actually.

1137 **SENTURIA:** I love what you do. I think what I'd like somebody who reads this to feel,
1138 I really love what I do and what I tell you is this; at the end of teaching six or eight
1139 weeks we learned more than the students. It was great. It's great. And if you said to
1140 me "Where does the teaching come from?" Remember I told you about my childhood
1141 and how this leads to revenge and what you wanted to do so here's the end. I'll tie it
1142 all together.

1143 My father was a radiologist and he was both talented and famous and he taught
1144 students, the interns, the residents in radiology at the Jewish hospital in St. Louis
1145 under the aegis of Washington University. So he was the famous blah, blah, blah
1146 professor and all of my childhood I was confronted every summer with "Well let's go
1147 fishing dad" and he said "I can't really go fishing. I have the residents. I teach." And I
1148 will tell you that 50 years later in a sense I honor my father in a tangential way I guess
1149 by teaching.

1150 While I was a resentful young man that why did the medical residents, why are the
1151 medical students more important than your son? Here it is 50 years later and what I'd
1152 say is I get it. Teaching is a great and honorable thing to do and I care deeply about it
1153 and we do it pretty well. I mean we get – you can always get better, but we don't
1154 phone it in.

1155 **CARUSO:** All right. Thank you very much.

1156 **SENTURIA:** Thank you.

END OF INTERVIEW

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The San Diego Technology Archive (SDTA), an initiative of the UC San Diego Library, documents the history, formation, and evolution of the companies that formed the San Diego region's high-tech cluster, beginning in 1965. The SDTA captures the vision, strategic thinking, and recollections of key technology and business founders, entrepreneurs, academics, venture capitalists, early employees, and service providers, many of whom figured prominently in the development of San Diego's dynamic technology cluster. As these individuals articulate and comment on their contributions, innovations, and entrepreneurial trajectories, a rich living history emerges about the extraordinarily synergistic academic and commercial collaborations that distinguish the San Diego technology community.