



VENTURE

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‘A world that’s safer, saner and happier’

AIRBNB’S CHIP CONLEY TALKS HOSPITALITY, TRAVEL AND HIS LATEST STARTUP VENTURE



Chip Conley is a veteran disruptor of the hospitality world. Since the 1980s, he’s been a hotelier, having started the Joie de Vivre

Hospitality group and the numerous hotels under its umbrella.

After selling the company, and many of his hotels, Conley has been working as head of global hospitality for home-sharing service Airbnb, a major competitor to Austin-based success story HomeAway Inc.

He sat down to talk to us about the state of the hospitality business, his latest venture and why hotels and companies like Airbnb and HomeAway can coexist.

The Joie de Vivre hotels are diverse. How are you taking that experience into your current role at Airbnb?

What we’re seeing in all industries is people trying to figure out how to be more hospitable, obviously in hotels, but also retail. Apple rethought the



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computer retail experience by looking at the Ritz Carlton. Hospitality is sort of at the heart of what any consumer-facing company wants to provide. I am fascinated at Airbnb, as part of my role there is to democratize the business of hospitality. The more we treat each other with what I define hospitality as – a generosity of spirit – it’s the best way to imagine a world that’s safer, saner and a lot happier. What’s fascinating about Airbnb is it takes me back to the generosity of spirit. You do it because there’s a joie de vivre – a joy of life. I’ve gone to 17 different cities in five continents to teach hosts about hospitality, and what I see over and over again is this grassroots generous spirit of hospitality that is sort of like what I saw over 30 years ago when I started into the hotel business. I’ve missed it and am

diving right into it.

You’re still a hotel owner. Do you see a place for both hotels and Airbnb? Yeah, I had to go boldly to be willing to take this step of embracing Airbnb. I first joined almost 16 months ago. There’s a great Gandhi quote: “First they ignore you, then they ridicule you, then they fight you, and then you win.” That was the quote I gave to the company when I joined. I said, the truth is, there are not a lot of my hotelier friends who know what Airbnb is, but I promise you, at some point, they will first ignore us, ridicule us and then maybe fight us. But what I’ve found over time is the more they know us, the more they respect us.

What’s your favorite place to travel?

Bali. It’s my second home. I’ve been there 11 times. Bali has the generous spirit of hospitality there, such as their morning offerings with flowers and incense and rice. There’s a sense of offering to each other. And they love their festivals.

Are you on a plane a lot these days? I

am. I don’t know what United’s highest club rewards level is exactly, but I’m the highest. With Airbnb, we’re a global company. We’re in 190 countries. So that puts me on the road a lot. I also have a startup called Fest300. It’s a festival web

site that puts out about 300 festivals in the world.

What’s the story behind Fest300? My job as founder and CEO is to go out and experience the world’s best festivals. I went to 35 festivals in 20 countries, everything from Kumbh Mela, which is 100 million people at the Ganges River in India, a spiritual pilgrimage, and I’m on the board of Burning Man, but also historical festivals, film festivals. I started it about a year ago. The idea behind it is the more digital we get, the more ritual we need. The more we’re possessed by our URL websites and communicating through phones [and] texts, the more we need the “IRL” experience – the “in real life” experience.

What hospitality trends are you seeing on the rise?

China has now, as of this year, become the world’s leading outbound country for foreign travel, so it has surpassed the U.S. and every country. I think any hotel company who is not taking into account how fast Asia is growing economically and specifically doesn’t know how to do business with China, is making a big mistake. It sounds like a cliché, but China is number one, and it happened overnight. For more: bizj.us/10ytw5

– Annie Sciacca,
San Francisco Business Times

RANDALL CROWDER

Do experienced entrepreneurs make the best venture capitalists?

In 2003, we were ambushed on our very first day in Iraq. In less than 24 hours, a bunch of young officers found themselves with considerably more combat experience than their superiors, who largely only served and trained during peace time.

In the months that followed during my deployment, this experience gap grew as lieutenants and captains had to transition from combat soldier to diplomat to aid worker in a single day, despite having never trained for such asymmetric warfare.

It was our duty to interpret and execute guidance from those who often lacked a first-hand understanding of the reality on the ground – though our superiors had an operational perspective that enabled them to understand the complexities of battle and properly allocate resources to help make us successful.

This balance between the responsibility to command subordinates and the accountability of duty to superiors lies at the essence of leadership, but there are no guaranteed prerequisites for being a

great leader.

I’ve since traded in my rifle for a checkbook, but the same paradigm persists in the venture capital industry. Does a great venture capitalist need a certain type of experience to be successful? And how does a great venture capitalist balance their own, often contradictory, instincts that are necessary to be truly differentiated with the guidance of others, who may or may not be qualified to offer it?

It should come as no surprise that many entrepreneurs who become venture capitalists claim that entrepreneurial experience is essential in order to know exactly what an entrepreneur is going through and how best to help.

Starting a company is hard and mistakes are inevitable, so many entrepreneurs seek out investors who understand their experience – one reason why venture capital firms like Andreessen Horowitz and Founders Fund have risen to such prominence.

Still, it should come as no surprise that venture capitalists with no entre-



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preneural experience often claim that being a good investor is more about asking the right questions and supporting entrepreneurs who have the requisite experience. They contend that they are in the business of manager selection and that the best entrepreneurs have little patience for micro-management and investors who can’t seem to figure out if they’d rather play or coach. It’s interesting to note that only 34 percent of the top 50 venture capitalists on the 2014 Forbes Midas List have ever started a company. Funds like Benchmark Capital and Accel Partners may have less entrepreneurial experience, but they enjoy an irrefutable history of backing “black swan” entrepreneurs who didn’t need them to step in and operate their businesses.

At the end of the day, investing can

often feel like asymmetric warfare between belligerents whose relative power and strategy differs significantly. And like leadership, there are no guaranteed prerequisites for being great at it: experience may help, but you don’t need it to be truly present for those who depend on you.

Gen. Colin Powell put it this way, “The day the soldiers stop bringing you their problems is the day you stopped leading them. They have either lost confidence that you can help them or concluded that you do not care. Either case is a failure of leadership.”

Good venture capitalists should strive to be confident in their command, regardless of their experiences, and humble in their duty to appreciate the experience of others who offer guidance along the way. Fate, history and entrepreneurs will ultimately decide if they were great.

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