

**LEARNING BY PROXY**

**VENTURE BY  
PROXY**

**BY VIVEK SRINIVASAN**

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Bangalore, India  
2022

# TABLE OF CONTENT

On Focus	6
On Constraints	8
On Desirable Difficulty	11
On Beginning with trust	14
On Turning Eggs into Chickens	17
On Competition	19
On Confidence	22
On Chance	24
On Balance	26
On Burning the Ship	28



# 1.

## ON FOCUS

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**T**here is this myth that some people are highly talented. There is no greater lie than that. All of us are endowed with the same capabilities, what differentiates us is what we do with those capabilities.

Let us say you wanted to learn to play the guitar. You have no other choice but to practice it. The difference between those who are successful in learning to play and those who are not is how they react when they hit their first roadblock. When they are not able to accomplish something that they are being taught.

It is a fact that it takes about 10,000 hours of practice to master anything. Some people put in the hours and some people don't and this is what separates the masters from the commoners. If you put in 3 hours a day of practice every day, 10,000 hours translates to 10 years approximately. In the case of child prodigies, they are so interested in what they are pursuing that they practice perhaps 10 hours a day! They are not born different, they just take the time to become different.

I had the privilege of learning to cook from one of the finest chefs in a large hotel. Before he started he picked up his knife and started sharpening it. I asked him if he was trying to scare me or something, it was a pathetic attempt at a joke! His response stunned me.

He said, in a kitchen always make sure that you have a sharp knife.

I asked him would that not lead to more cuts, at least with a blunt knife one might get away.

He told me that often people get cut because of blunt knives. If your knife is sharp, you only have to focus on which way you are directing it. If it is blunt, you also have to account for where it may slip to.

### **Selling is about focus**

There is a reason startups are asked to focus on a niche market.

Making a sales pitch is similar to wielding a knife. It matters how sharp and clear the pitch is. You arrive at that sharpness by making the pitch over and over again. I often suggest that entrepreneurs pick a specific industry or customer and chase them relentlessly. As a startup, you have limited resources and it is important to direct these resources well if you want to come out a winner.

If you want to master the piano, you need to keep practising it. You cannot play a different instrument each day and expect to master all of them. You may master them, but it would take 30 years. A startup usually does not have as much time.

So sharpen your knife. Practice your pitch for a specific type of customer and keep going at it. You will become better every day and eventually you will start winning customers.

**“THE MORE PRACTICE YOU GET, THE BETTER YOU GET AT IT.”**

# 2.

## ON CONSTRAINTS

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In the book [Range](#), two kinds of learning environments are described. A kind learning environment and a wicked learning environment.

Kind learning environments have very clearly defined rules. It is often easy to improve with practice. Chess is a great example of it. 64 squares, each piece can move in very specific ways. Practice it enough and you will master most combinations that you may be confronted with. In these cases, the 10,000-hour rule applies very well. Almost anybody can master it.

Wicked learning environments are not constrained in any way. The stock market is a great example of this. There are almost no rules that will guarantee you a return. Even the most seasoned portfolio managers are found to be no wiser than monkeys at betting on stocks. [\[this has been demonstrated through experiment\]](#) Let alone 10,000 hours; spending 10 times as much time is not going to make any difference to your abilities.

Constraints are what make kind learning environments a worthwhile. They make it possible for one to find the right formula and operate by it.

When Google was founded, the company was operating on grants. Larry Page could not hire any more resources. This

meant that he had to design the homepage for Google himself. Due to his limited knowledge, he just put a box to capture the query and a button to trigger the algorithm that powered Google. In a world where educating the user is difficult and every other search engine was a cluttered portal, Google stood out. Without a doubt, it made them incredibly successful.

**Business = [Capital + (People X Times X Energy)] X Luck**

I like to compare businesses with mathematical equations. There is a finite set of variables but still far larger than any of us can calculate or foresee. Constraints usually reduce the number of variables that you need to deal with. Businesses are often successful not despite the constraints but rather due to them. Constraints provide us with a narrow corridor within which we can operate. Often, this forces us to think of interesting and powerful ways to overcome these constraints.

Constraints also have a powerful way of motivating people, especially problem solvers who enjoy a meaningful challenge. Have you picked up a puzzle that you just could not give up? Constraints have that effect.

Constraints manifest themselves in many ways, technological constraints, capital constraints, resource constraints, etc. Often it is the constrained organisations that do well. Constraints provide them with focus.

Aether Energy founded in 2013 was able to raise a boatload of capital right at the beginning. The result - it took the company 7 years to launch a product.

By comparison, Tesla Motors which was founded in 2003, launched its first car in 2008. At a time when the ecosystem had not evolved. With fewer government incentives and support in place. Most importantly, this was at a time when electric vehicles were not even a serious thing. Tesla had

raised far less than Aether at the same stage and was doing this in California which was far more expensive.

Over the past decade, the companies that raised a tremendous amount of capital; Flipkart, Uber, and WeWork to name a few have performed incredibly poorly. By comparison, companies that you may have never heard of raising capital; IndiaMart, Peleton, and Snowflake to name a few have listed insanely well!

Embrace constraints, don't try to get rid of them.

**“A WORD THAT IS OFTEN USED FOR  
CONSTRAINTS THAT PEOPLE PLACE  
UPON THEMSELVES IS - DISCIPLINE.”**

# 3.

## ON DESIRABLE DIFFICULTY

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**T**eachers often try to ensure that their students are able to retain what they just taught them.

Different students have different struggles and need varying amounts of time to perfect something. Our academic cycles are unwilling to afford them the time they need to figure things out. We expect education to work like a factory.

When you struggle and figure something out, you learn.

American psychologist Martin Seligman ran an experiment as part of his research into depression in 1967 at the University of Pennsylvania. He put two dogs in two separate cages. He then passed an electric current through the cages, enough to cause discomfort to the dogs. Each cage had a lever that the dog could press. In the first cage, upon pressing the lever, the electric current would stop. In the second cage, the lever did not affect the current. While the dog in the first cage quickly learnt to press the lever and put itself out of discomfort; the second dog after many attempts stopped even trying.

The dogs later switched cages. The first dog which had been able to stop the electricity tried to act to stop it, the second dog just lay on the ground whimpering. The second dog had Learned Helplessness.

It had learned that nothing was going to be in its control and nothing it could do would change its destiny.

When you take up something challenging or difficult, succeeding on your own is critical. If you do not succeed, you learn helplessness. At the same time, if you do not feel it was a challenge, you do not retain anything.

### **What did you learn?**

How many of you remember how to cycle? Is there anyone who did not fall while learning to cycle?

Learning to balance has a certain amount of difficulty built into it. Every person who has learnt to cycle would have had to learn it the hard way. This difficulty in learning is desirable. It leaves you with a sense of accomplishment as well as a memory of it which is far more deeply ingrained.

Also, why most motor skill-based activities that people learn, like playing the piano or a guitar, are never lost. Nobody can make it easier for you. There is no shortcut.

How many of you still remember how to solve a calculus problem? The majority of people are helped by memorizing formulas and methods. There is little that is learnt and even less retained.

Difficulty is essential for learning and without challenge often nothing is learnt.

This is true whether it is a course that you are working on or whether it is a business that you are trying to build. Most of the successful entrepreneurs that I know are those who have spent time with their customers, no matter how hard or challenging.

A story comes to mind. Sumant Moolgaonkar is a Padma Bhushan who played a role in two of India's most well-known automobile companies - Tata Motors and Maruti Suzuki. While at Tata Motors, he would disappear during lunch and return quite late to work. Rumour had it that he was having lunch with some of the affluent dealers of Tata Motors. One day other executives decided to follow him to see where he went and found that he would drive up to a Dhaba (highway restaurant) to sit with the truck drivers and learn more about what they thought of their trucks. Trucks that were often produced by Tata Motors.

Even today I find entrepreneurs who are unwilling to go that extra bit to get time with their customers and seek validation and feedback.

There is a certain degree of difficulty that is important in life. That difficulty is a necessary ingredient to learning and to success. Overcoming it teaches you a lot more than anything else and has the power to transform you.

**“ALSO, REMEMBER - MOST  
CHALLENGES IN LIFE CAN BE  
OVERCOME.”**

# 4.

## ON BEGINNING WITH TRUST

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**A** startup founder called me and informed me that a large multi-national company had shown interest in their fledgeling product and wanted to deploy it. Before deployment, they wanted to understand how it works. He was concerned that since the potential customer was a large company, they could steal the idea.

He had scheduled a meeting with the COO of the company and wanted to send him an NDA before moving ahead with the meeting.

I asked him what was the outcome that he sought by signing an NDA?

He said he would be able to protect himself.

I asked him; in the event that they still proceed to copy, would he sue?

He said, "No".

"Then what is the point?" I asked.

He struggled for words.

The unfortunate truth, I told him, was that there was little that he could do if the other side were malicious. As a startup, you have limited resources and you have to make sure that you use them the right way

By sending an NDA

- You slow down your progress - Being a large entity, they would then necessarily be required to pass the agreement through their legal department and this only acts as an impediment for you to get things done.
- You erect a wall of distrust - You are making your lack of trust in them or in that person obvious by sending across an agreement just to talk to them.
- Ego - As a startup, the world that you are aware of will be a subset of the whole. You are assuming that you are the only one doing something of the nature. This, in my experience is always untrue. Don't make the mistake of overestimating yourself.

### **Swinging things your way**

Most decisions that we make in life are emotional. We might try to explain it with logic, but it is emotional. We do business with certain people and not with others, only because we like them. Likability determines the outcome of business meetings more often than capability.

Hence the phrase - Unsung genius. Most geniuses are not likeable.

I am not an expert, but erecting walls of distrust is not the best way to be likeable. So why erect a wall of distrust right at the beginning?

**Why would someone give you the business** - Someone is going to give you money or business because they believe that you are delivering value. Your job as an entrepreneur is to convince them that what you are doing is valuable and cannot be done by others.

**When you do something it should have a purpose** - NDAs exist for a purpose - Defence. Have the capacity to defend before you walk that path.

**“START EVERY RELATIONSHIP WITH  
TRUST, IT WILL TAKE YOU A LONG WAY”**

# 5.

## ON TURNING EGGS INTO CHICKENS

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**A**n egg contains about 200 calories, if you cook and eat it.

That energy is used to turn the albumen and yolk into a chick that is capable of cracking the shell and exiting it. Some heat arrives externally from the hen as well. Eggs need to be maintained at about 37.8 degrees to incubate. The colder the environment, the hen needs to heat the eggs. All that energy turns the egg into a chicken.

How easy it is to crack eggs; and how much harder it is to kill a chicken?

An idea is like an egg, fragile, often easy to trample over. The details are not clear, nothing is fully formed. It is easy to rubbish it. And if the conviction behind the idea is not strong enough, it often falls apart.

I once spoke to an entrepreneur who was seeking to build a startup. He pitched me his idea and as I sat around poking holes, he was moved to tears and left. He eventually decided not to pursue that idea at all!

Since then I have made it a point to tell any founder that speaks to me -

It is not hard to say something will not work. A beggar sitting on the corner of the road can tell you something will not succeed, it takes no effort. Pointing out flaws is a way to question things that you may not have thought through. The genius is not in saying something won't work. The genius is in making it work. It is in figuring out how.

So while I might tell you something is not going to work, I might be no different than the guy who told Wilber and Oliver Wright that a canvas draped on a wooden frame will not fly. The genius was in making it fly!

Once you take an idea and give it form, breathe life into it, it becomes far more difficult to trample over it. It has a form and often it is easier to see what it CAN be. One's inability to communicate what they envision in their mind should not limit their vision.

At the same time, much like the egg, it takes a lot of energy, effort and time from the founder to turn the idea into a business. So pour your energy and time into it. Keep chiselling at it, define it more and keep asking people what they think.

**“TURN YOUR EGG INTO A CHICKEN.”**

# 6.

## ON COMPETITION

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**M**entoring startups gives one a ring-side view of the way entrepreneurs think.

I have often been in a situation where an aspiring entrepreneur wants to pitch me their idea and hear what I wish to think about it. Travelling across the country and meeting thousands of entrepreneurs also means that I hear more than my fair share of ideas.

Often I come across situations where somebody comes around to pitch an idea. My immediate response is 'There is someone doing something similar' or 'Is this not the same as XYZ?'

What typically happens at this point is this 'aspiring entrepreneur' will go back and research the hell out of this supposed competitor and read everything written about them. If this supposed similar company is doing well they get all bent out of shape. Because there is a strong incumbent or if they are struggling, read about all of their struggles and get depressed!

When you are starting a venture, you need not worry about a competitor, or someone doing something similar. If at all anything, you need to be worried about the absence of competition. If a real opportunity exists, why is nobody else seeing it?

You need to avoid being flustered by competition because: You need to focus on your own strengths and find the best way to showcase that strength. Also, there is more than one way to do a thing or solve a problem. You need to focus and make sure you are solving it.

The market is large. In a country like India, there is always enough market to share amongst several competitors. Can you think of any industry where there is only one player? This also means that there is enough diversity and nuance in the market for the problem to be solved in different ways and see adoption.

If you are introducing a new concept, you want many people popularizing the idea rather than you alone. Orange County, Coorg spent crores on advertising the idea of vacationing in Coorg. No sooner was the location discovered, hundreds of players moved in. It would have been nice to have had some competition in the early days.

The best way to learn is by watching others make mistakes. The other way to learn is to make those mistakes yourself. Having competition is the cheapest way to learn.

If there is no competition in the market, is the opportunity even real or is this all a figment of your imagination?

Finally, I would like to leave you with this thought - Google was not the first search engine, nor did they enter a market without competition. Facebook was not the first social network, nor did they enter a market without competition. iPhone was not the first smartphone, neither did they enter a market without competition.

SpaceX is not the first private rocket maker and their competitors were all governments!

**“EMBRACE COMPETITION AND SEEK IT  
OUT. WATCH THEM CAREFULLY.  
ULTIMATELY YOUR SUCCESS OR  
FAILURE IS DOWN TO YOUR  
EXECUTION.”**

# 7.

## ON CONFIDENCE

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**J**ust picture this.

You are an investor listening to two entrepreneurs pitch to you.

The first one comes in well dressed, clear about the business and ends the pitch saying - I really need this investment but whether you invest or not, I am certainly going to ensure this succeeds.

The second entrepreneur comes in looking nervous, gives you a complete pitch and outlines the requirements of his business. Looks nervous about getting feedback from you. Closes the meeting and leaves.

Who are you more likely to invest in?

Even though the first entrepreneur's words express a need, his body language conveys confidence. While the same cannot be said about the second entrepreneur.

Believe me it would not matter what they pitched or how great their ideas are when it comes to making a decision to invest.

Confidence is very important to success. Confidence is attractive. Have you ever looked at a celebrity, who looks like shit and thought how good he/she looks?

Confidence can alter how you look at someone and success is drawn to confidence.

**“SO WHETHER IS IT AN INVESTMENT MEETING, AN INTERVIEW, OR A DATE. BE CONFIDENT. IT’S ATTRACTIVE.”**

# 8.

## ON CHANGE

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**T**he legend goes that when Edison created the light bulb he said “I did not fail a thousand times, I just found a thousand ways how not to make a light bulb.”

Now, think about that for a minute.

If you tried to do something a thousand times. It shows determination. It also shows that you are just waiting for probability to kick in and point you in the right direction. If you attempted an entrance exam 1000 times, I am sure at some point you are bound to clear it. Even if you showed up to the test unprepared and just marked A on every question.

The CEO of Nokia at the time of the Microsoft acquisition was Stephen Elop. He said, “we did not do anything wrong, but somehow, we lost.” In other words, it was sheer bad luck.

I often tell entrepreneurs to speak to those who have failed. They would be able to provide insights on the things that can trip you up. By comparison, someone who has succeeded will have little value to provide. Luck plays a role in success. In being successful, one would have avoided several pitfalls. The trouble is, there are often more pitfalls that they avoided by sheer luck, **which they did not even know existed**, than the ones they avoided thoughtfully.

Or as Bill Gates put it - Success is a poor teacher; it seduces smart people into thinking that they cannot lose.

Whether you are successful or not, there is a role that chance played in making it happen. We talk about chance only when something does not go our way. We never think about the role of chance in our life when things work out. WE just think that WE made it happen.

This thinking is so deeply embedded, that if someone were to succeed and you were to tell them, "it was your lucky day"; they would react as if you slapped them across their face. But someone who failed would love to palm off the responsibility of the failure to, "it wasn't my day".

**“PROBABILITY IS REAL IN EVERYTHING  
WE DO. WE NEED TO LEARN TO  
ACKNOWLEDGE IT.”**

# 9.

## ON BALANCE

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**P**hysics provides the most accurate models to understand the physical world. But sometimes, it also provides the best models to understand the metaphysical.

Entropy refers to the rate of change that can be seen in a system. As the entropy in a system increases it becomes increasingly difficult to predict the next few moments. The more you heat a pot of water, the more bubble formation takes place and it becomes increasingly difficult to find patterns.

The only reason the earth as a planet is alive is due to its ability to hold onto heat. Heat creates entropy. Entropy creates change and that is essential to the existence of life. Mars by comparison lacks an atmosphere and hence does not have any heat in the system. The lack of entropy means nothing lives on the planet. At the other extreme you have a planet like Jupiter, where the entropy is too high, much like the boiling pot of water, making it impossible to support life.

Sorry for the long convoluted way in which this post is written. It came to me when I was watching 'The Martian' on the plane.

In both business and relationships, entropy is important to move things forward.

If you own a startup and you find that nothing much has changed for far too many days, you know that you are already deep in trouble. This is because the system lacks entropy. It's as if the engine has no heat in it.

Alternately, overheating is also a problem. So, it should not be a situation where things change rapidly. This removes the possibility of the system reaching any kind of stable state. The business would be in a constant state of change and there is no way to find a model that works efficiently and sustainably.

If your business depends on building relationships, the same axioms hold true. Many B2B companies start to take their existing accounts for granted. They do not make substantial changes to their products, eventually losing the account to a more nimble and agile competitor. To the contrary if you keep suggesting too many changes to the client, eventually the client is likely to grow tired and cease the relationship.

**“THE CHALLENGE IS TO FIND BALANCE.  
IS THAT NOT THE PROBLEM WITH  
EVERYTHING IN LIFE?”**

# 10.

## ON BURNING THE SHIP

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The story of Hernán Cortéz is often cited by many as an act of bravery and courage.

He left on an expedition to South America and upon arrival at Mexico, the first thing that he did was to ask his crew to **burn the ships**. There was going to be only one way out - Victory! Once they burnt the ships, they had to win at all costs. They could beat the Mexicans or die trying. The reason this story is referred to as a tale of courage is because they won! Had they died trying, it would have been a tale of human stupidity.

Investors love to talk about entrepreneurs who do NOT believe in having a Plan B. Those who have 100% faith in their mission and are willing to go down fighting for it. I would like such investors to take their own advice and invest ALL of their monies in one founder and show the willingness to burn the ship themselves. Why diversify?

Returning to Señor Hernán Cortéz. He was quite the womaniser who liked to maintain relationships with the wives of other men. He routinely lived beyond his means and had run up a huge debt in Spain. He set off for Mexico with a loan and would have rather committed suicide along the way than to return to Spain empty-handed. If he had gone back to Spain with nothing, his creditors would have had him thrown in jail.

If you have any clue about what the Spaniards did to the natives of South America, you would understand why Cortéz wanted to avoid prison in Spain at all costs. He burnt his ship not because he was courageous; he burnt it because he was a coward and did not wish to face consequences back in Spain.

**“SMART PEOPLE HAVE A PLAN B, JUST IN CASE PLAN A DOES NOT WORK OUT. YOU SHOULD NOT BE DRIVEN TO SUICIDE IF YOUR PLANS DON’T WORK OUT.”**

# ABOUT THE AUTHOR

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Vivek has been writing Learning by Proxy since 2020. He has been blogging since 2011 but took it up in a disciplined manner in 2020.

He co-founded Startup Squares (<https://startupsquares.com>) where he works with startups, supporting them through strategic consulting. A lot of his blogs often relate to startup experiences because of his work.

His work, travels and engagements have given him the opportunity to work with several entrepreneurs. It has also given him the opportunity to speak on several stages across the world.

He has been in the habit of reading over 200 blogs a week for the last 10 years. In addition he reads over 50 books every year. This gives him adequate exposure in several areas and

on topics as diverse as politics, economics, psychology, technology, business, and history.

Learning by Proxy was born out of the suggestion of friends who asked him to precipitate all that he was reading into a weekly blog.

You can learn more about him at <https://viveksrinivasan.com>.

You can follow what he writes at <https://learningbyproxy.com>