Oral History of Charles P. Waite

Interviewed by:
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Hancock: Well, we're here with Mr. Charles Waite on February 16th, 2017, to interview him for an oral history. My name is Marguerite Gong Hancock and I'm here with Ray Rothrock from the Computer History Museum. We'd like to start, Charlie, with asking you about your early life and your education. Where does your story begin and--

Waite: Well, I grew up in Manchester, Connecticut, and went to grammar school and high school there at Manchester High School and then from there I went-- I was drafted into the United States Army in 1951 at age 21 and I spent-- I went to basic training in Arkansas, officers candidate school at Ft. Sill, Oklahoma. Then I spent some time at Ft. Bragg in North Carolina and then I spent just over a year in Germany in the occupation forces of that time. And I-- although I was a reluctant draftee I came to love the army and I stayed in for-- on active duty for three and a half years and then I stayed in the active reserve voluntarily for seventeen and a half years. So I was-- I did my twenty years and I am now a proud pensioner of the United States Army.

Hancock: You say you were reluctant and yet that changed. What was behind that change--

Waite: Well, I learned about the army; I didn't know much about it other than that I was being taken into the army because in those days we had the draft so it was my number that came up and I went in the army. And I don't think many people-- many draftees were enthusiastic about it at the time and I wasn't but then I became enthusiastic when I found out more about the army and I came to care for it a great deal and, so I stayed for my 20 years, and so that's sort of my early years. I had started college at the University of Connecticut but left the college at the time I went in the service and so I had that to finish so after my military active-duty service I went back to the University of Connecticut and finished in 1957, getting my business degree at that time. And then I went-- from there I applied to and was accepted at Harvard Business School and I went there in 1957 and graduated in 1959. And the most significant thing that happened to me at Harvard was George Doriot, who was one of the great professors there, and I took his course, among many others that took his course over a period of about 40 years. After taking his course he asked me-- in the year of 1959/60 he asked me to be his teaching assistant and so I did that. I was employed by Harvard University for a year and after I completed that year of working for Harvard and George Doriot, he asked me to join his company, which I knew not much about. It was called American Research and Development Corporation and it was the first venture capital firm, really a professional firm who were-- there were individual investors before that and families but I'd say that American Research was probably the first professional, having outside capital and-- but it was publicly owned and so very visible in the community. And I joined American Research in 1960 and stayed there six or seven years and then one of the other fellows there and I and a third person joined together and formed Greylock in 1965, '66.

Hancock: I wonder if we could go back to that really important interaction that you had with George Doriot and if you could take us back and share any recollection, remembrance that you had of him when he was your professor. What was it like to be in his class or what struck you?

Waite: There's a book about him here that I hope you've read.

Hancock: Yes.

Waite: It's a very good book, very accurate, "The First Venture Capitalist" it's called, and he was an extraordinary man in many ways. This book says he was a-- he taught leadership, capital and business organization and that's an accurate characterization. He brought a great personal understanding and a lot of experience to the task and many, many years of teaching. He was simply a great teacher; that's the way to say it, a great teacher, he-- and he taught really about life. His teachings were not so much from the classroom as they were from his life and he lived an extraordinary life. He grew up in France, had a business-oriented father and so he started in the automobile business in France and then came to the United States in-- around 1920 and ended up teaching at Harvard and he was an absolutely extraordinary teacher, one of the very best, and he taught you about life. Some people who took his course thought he was teaching them stuff they already knew and that it wasn't very important. But by far the majority, almost everybody, thought that he was an extraordinary teacher of life and that's what it was. He had one class where he picked up The New York Times of the day and read The New York Times to his-- in-- to his hundred and twenty-five or thirty students and he told you-- I remember when he came to the sports page he said, "You don't have to read that; that's not important" and-- but he felt that international affairs and business affairs were very important and obviously you should focus on and learn what was going on in the world by reading those pages every day. So that's about all I can say about him. He was an immaculate dresser, terribly well spoken, very intelligent man, and I worked for him for a lot of years. I felt very close to the man and extraordinarily fortunate to have as much of him in my life as I did. I felt like I was very, very fortunate and he basically shaped my business life almost entirely so that the only thing that wasn't first rate about my experience with him-- he didn't really believe very much in incentive compensation and of course venture capital is about incentive compensation for its people. And so the reason that I left along with my colleague, Bill Elfers, the reason we left was the opportunity of our own firm that fell outside of ordinary compensation, so in other words we were never going to get rich at American Research. Part of the incentive of venture capital is to get rich and if you're not interested in making a lot of money, you probably should be in another business. So we went and started our own business. We raised four or five million dollars, as I remember the number-- many years ago now-- but we raised it from six extremely wealthy families. Up until that time really the only firm in a corporate structure of any size was American Research. Most of the firms were like the Rockefellers or Bessemer Securities or Payson & Trask, who were really family money and that added professional management and provided much if not most of the early stage-- or the early times capital for early-stage companies and startups. So that's what we did and a lot of that training came from Doriot.

Hancock: As you were launching Greylock and starting this new venture capital model, what was the response from others around you because it was a new kind of concept?

Waite: Others in the venture capital business or just others in general?

Hancock: Others in general.

Waite: Well, I found actually very little knowledge about the whole venture capital process and it was exciting to people, but they knew very little about it. The whole business was pretty small at that time compared to what it is today with-- the last number I saw was something like 700 venture capital firms. There were a handful when I started in the business, just a handful.

Hancock: Can you say more about your peers as you were looking at what they were doing and what you were doing?

Waite: Oh, I'd say we were all doing about the same thing where our job number one was to find investment opportunity, so you got out and you met the world. You met other investors. The source of many of the opportunities was the venture-- was the investment banking community because most entrepreneurs who had an idea and wanted to get it financed or wanted to do a second or third round in a company they'd already gotten initially financed. They would go to somebody in the investment banking community and say, "I'll pay you a fee if you find me money" and so that was common practice. So the interface was the investment banking business. If you wanted to be in San Francisco, you came to who was doing that business in the Bay Area The New York community was active all over the country, whereas in most of the other cities there was an investment banking firm that was the local champion that knew what was going on in the local community. Also the universities were another crossover point because if a guy was going to start a high-technology company, which most of them were at that time, they would tend to somewhere along the line go back and interface with their technology teachers or their business teachers at the university they attended. Whether it was Harvard or MIT in Boston or Stanford out here or wherever.

Rothrock: You know, Charlie, that brings up the question of how did you guys at AR&D find Digital Equipment or DEC? How did that deal come to you guys or did you go to it 'cause it's the granddaddy of all granddaddy deals?

Waite: Yes, it is; it was and it is. They came to us; Olsen and Anderson came to us. Now that happened before I got there so I can't quote you personal history on that because I wasn't there. That was done about two years or three before I got in the business but that was the granddaddy of all deals and we ended up-- for two or three hundred thousand dollars we ended up-- one of the reasons it was such a well-known deal was because we owned a huge-- we at American Research owned 68 percent of the company for $250,000 and that turned out later on to be worth four or five hundred million.

Rothrock: Yeah, big numbers, but also a big influence. I mean DEC was the standard computer for a long time, for a decade and a half.

Waite: Yes, and it was the first of the companies in the new mid-range area which we came to call mini-computers. There were several-- two or three other important companies, but DEC was I think the first one and probably the best known one. There was also a company called SDS, Scientific Data Systems, but that was the standard. We made a huge amount of money and now I have to say I had nothing to do with it. There were three older associates of mine at American Research that worked on that company, Bill Congleton, Harry Hoagland, and Dorothy Rowe, all made a lot of money and made a significant contribution to that company. And Ken Olsen and Harlan Anderson were outstanding entrepreneurs, outstanding, no question about it.

Rothrock: Yeah. One of the things I've always wondered, being a Harvard grad, about Doriot was when he was doing this did he have a view of the future? Did he see this as turning into the business it did or something or was it just really about the moment and the opportunity, the technology and entrepreneurship--

Waite: Oh, he had a view of it and if you read this book you'll see it articulated in here because it wasn't just Doriot saying, "Hey, it's a business and"-- that didn't-- it didn't happen that way. It was from his time in Washington as a general in World War II that he met a lot of people who had-- who were the backbone of the early-stage venture capital community. And he knew a lot of them and so-- and he looked at this from the teacher and the entrepreneur standpoint. And he didn't do venture capital to make money 'cause he wasn't really much interested in money. He was interested in it theoretically but he wasn't-- he didn't have a great desire to be rich; that wasn't a motivating factor for him. He had a teacher's view that there ought to be a better way to get these young companies financed and--

Rothrock: He solved the problem in other words.

Waite: Yeah, exactly, to solve a problem and that really was what he did and so he wrote the book as he went along.

Rothrock: Yeah. Boy, did he.

Waite: Yeah.

Hancock: And you too. So as you were setting up Greylock and were thinking about how it might carry on part of those ideas or develop new [ones], what in your mind was distinguishing between American Research and what were sort of [the] foundational principles as you started Greylock?

Waite: Well, of course, there were more differences than similarities. We were in the same business, that of financing young companies. Most people associate venture capital with startups; it's getting two, three or-- two or three guys in a room and they get a business plan together and present it to people with money and they have a meeting of the ways and down the road they go. But at Greylock we really didn't do that. The problem with the pure startups is there's very little information to go on. The guys haven't done anything before that's particularly applicable to what they're going to do now, so there's nothing to go on. You just say, "Do I like this guy or not?" and "Do I think his idea's a good one? Is there a big market for this? Can this, as they say, get big-- can this company get big fast?" Well, not much to make a judgment on. There's nothing particularly romantic about it; it's just "Can this company grow rapidly and become a big company and be successful?" The older the company is, the more there is to go on. Think of if you're going to put money in General Motors today there's a lot to go on. There's years of operation, there's cars of all sorts and shapes to look at and make judgments about and agree that it's going to be more successful than Ford or Peugeot or whoever. So there's a lot to go on. And so Greylock did more middle-stage financing. We were more apt to back a company that had 25 people, 30 people and a robust product line and managers, people that understood the business and were planning and building and improving what they were doing already. That's what we did. So we would put four or five hundred thousand or a million in companies that were already formed and it wasn't the original capital. We did that too and had some successes in both businesses but we were a little more comfortable if we had more to go on. That's where we were different than a lot of the other venture firms; that was one difference. We were in Boston like a lot of other people were and we did the technology business, which are principally computers or the computer industry, and the medical industry. We did more stuff in those two arenas than other places and we did the same thing. It wasn't just putting money in. Often the entrepreneurs thought all they needed was money, but it turned out that they needed more than that. They needed some idea of how to organize the company, who they needed as part of their team, what kind of skill sets they needed, etcetera, so we advised and helped in that area like the other people in the venture capital business. So it's not just money. Well, that's probably the thing that brings you together. These people aren't going to give you a piece of the company because they love you. They're going to get some money for that, but they also need the ability to plan and guide themselves to see what it was that they needed, upgrades in management, stronger people in marketing and technology and so forth. So that's what we became, and that's where Doriot was so good, because that's what he taught all his life. He taught about that stuff and he knew everybody and his dog as we used to say and-- he did. He was a great man and he's by far the most important person in my early formative years.

Rothrock: When you formed up Greylock I mean you had to have some capital. From what I've read there were some families that you got money from but you were an entrepreneur and you had the experience at ARD. Did you have a relationship with the Watson family and these other groups that came along or how did you raise that first fund? I mean--

Waite: Well—

Rothrock: How did they come to trust you and--

Waite: The principal money raiser was our senior partner, Bill Elfers, and Bill for example had a relationship with the Watson family-- you bring up the Watsons-- and he knew Dick Watson, not Tom, the head of IBM, but Dick, Arthur K., Dick Watson, who was the younger brother. He [Elfers] spent his early years at IBM and he-- but that's where that came from, and over the years Bill was also at American Research and he was more the everyday manager than Doriot was. Doriot was the idea man and so forth, but Elfers was the guy that ran the place every day, and he was often the one that made the decisions about we're going to invest in this company, but not this one, and we're going to advocate that this company change its CEO and so forth. Bill was that guy and he had a lot of friends out in the world. He was older; at the time we started Greylock I was about 35 and Bill was about 50 so he was older, more experienced and he knew a lot of people and that's where the money came from--

Rothrock: That's where the money came from.

Waite: --basically, people that Bill knew and people that had said to him over the years, "You know, Bill, if you ever start your own company, boy, count me in" so he went back to those people, Dick Watson, the Corning family in Cleveland, and not Corning Glass but it was a different Corning family, but they were the largest investors and so on and the-- I can't even remember the names of all of them anymore but we had six families so there were six people that wrote checks for us, no businesses; they were all families.

Hancock: In the museum--

Waite: And then after the first partnership, which had about a ten-year life as I remember it, Harvard University came to us and said they would like to put some money in the venture field, the early-stage companies, and they'd like to do it with us. Well, it was sort of easy because there were six of us at Greylock and we all had gone to Harvard so we knew people there. The guy that ran Harvard's funds at the time, Walter Cabot, was a business-school classmate of mine and he ran Harvard's money; he was the guy that was head of Harvard Management for 17 years. And they decided that they could make extraordinary returns on a semiprofessional basis. They didn't want to pick out young companies themselves; they were smart enough to know that that was a different business. They wanted to pick some firms and they ended up with-- I don't know-- eight or ten investments in venture firms and of course in the endowment business Harvard is so large, so much larger than anybody else, if Harvard did it, it was okay. So if Harvard was doing it, it was all right for the University of Oklahoma, you know, or University of Washington, or whoever, to get into that business. And so that's what happened. So everybody and his brother had venture investments, say, by 1975 or '80. And everybody, you know, all those universities wanted to improve their returns, because the colleges needed the money, and because the managers wanted to improve the rates of return.

Rothrock: Got it.

Waite: So anyway, after the first ten years or so, half of Greylock's money came from the six, or subsequently larger number of families, and half from the endowment community.

Rothrock: Got it.

Waite: So that's where our money came from, and we were fortuitous in the fact that Walter Cabot and Harvard were first to invest, and that made it okay for Yale, Brown, Princeton and others to come to us. So we really didn't go out and knock on a whole lot of doors. We did at first, but you know, we raised the money we needed pretty quickly. And then it just sort of came.

Rothrock: Yeah. The other big piece about, you founded Greylock, but you know, in time you grew, and you needed more partners. And like picking entrepreneurs, you have to pick partners. And you want people who are creative, like yourself and not like yourself. But you know, people who have your DNA and your culture. I know Henry and Howard and Dave really well, and have done projects with them. So how do you--

Waite: Who?

Rothrock: Howard Cox and Henry McCance. And Dave Strohm. These are friends of mine as well.

Waite: Sure.

Rothrock: And so I just wondered, how did you guys decide these were the guys to expand your business?

Waite: Well, the first guy, after the three of us, the first guy was Henry McCance. And Bill Elfers knew Henry McCance's brother, who was a deal guy in New York. He wasn't a venture capitalist, but he did deals. And I knew him, but not well. But anyway, he came to us and said his brother was retiring from the-- or quitting the mil-- he had worked in the Pentagon as a young man.

Rothrock: Hm, ah!

Waite: And he was looking for something to do full-time, and we got together. The culture was right. Henry had gone to Yale, which-- I was the only non-Ivy Leaguer. I went to the University of Connecticut. So that made me sort of a second-rate citizen at first in some ways. <laughter> Because everybody else went to Harvard, Yale and Princeton. But it seemed to work. And I knew how to work very hard. I'd done that all my life. And then Henry knew Howard!

Rothrock: Ohhhh.

Waite: Howard had worked in Washington--

Rothrock: That's right!

Waite: -- for the Defense Department. And so basically, we found Henry and Henry found Howard.

Rothrock: Got it.

Waite: And that's how the first additions came. And then, you know, each-- after that, each guy had a story. David Strohm was the next guy. And I forget how Dave-- David found us. He came to us. We were beginning to develop a reputation as being good and successful in our business. So good people came to us! And that was how we went on. And then it was time to do more stuff out here. And I was already traveling out here on a regular basis. I traveled-- I was on an airplane every other week. I came to the West Coast, I think it was 150 times, over a period of six or eight years. It was every second or third week, I was-- by out here I mean Seattle, Portland, San Francisco, L.A., Phoenix, Denver, all that. And most of the other people in the venture capital business weren't yet doing that. It was, you know, it was hard work! It's hard work to get on an airplane every week, or every other week. It's hard work! And so I recognized pretty early on that the biggest future was out here. The culture was out here. Boston had the history, or the East Coast, Boston and New York. There was plenty of opportunity out there, but it was moving to the West. It was moving to Stanford and Cal and out here. You could see it, you could feel it. So that was why I continued to come out here. And I didn't really ever-- I talked about maybe opening an office out here, but we didn't do that. It just happened to us! I was out here so much, I-- it was like I was out here. But we just-- we got into the business out here, by being here all the time, and making friends with Sutter Hill Ventures, and Hambrecht and Quist, and the dealmakers were here! Were out here, too. So it just happened. And I was the one that brought it the West Coast more than anybody else, because I was already traveling out here.

Rothrock: Wow. It's interesting that you say you could sort of feel it and see it happening and stuff like that.

Waite: Yeah!

Rothrock: Arthur Rock kind of says the same thing, that he sort of saw it happening, and picked up and moved out here.

Waite: Absolutely.

Rothrock: But yet, you know, just looking at some of your investments, Apollo and Centacor. These are East Coast companies. So you kept your business East, as well as exploring the West.

Waite: Oh, yes, oh, absolutely! We didn't stop. Apollo was, you know, that was Bill Poduska. You probably know Bill.

Rothrock: I do!

Waite: 'Cause he's a close friend of mine. I invested in Bill Poduska three times! Prime Computer first. And then Stardent-- and actually it wasn't Stardent, it was Ardent, and then he merged with Star-whatever-it-was. I forget, and we changed the name to Stardent. But anyway Bill Poduska, we had a good relationship, and it was just natural for him, when he'd get out of one investment and start another company, it was natural that we'd do it with him! 'Cause we had the relationships already. So we did-- we continued to be very active in Boston and still are.

Hancock: But that perspective of being active both East Coast and West Coast, can you say a little bit more about how they were different. You said you could feel it, you could taste it. What were the signs that you were seeing? What was-- you know?

Waite: There were differences. I mean, you'd be making-- you'd be trying-- you'd be looking for differences. You know, that people wore different color shirts or something, you know? And it wasn't different. You know, the university backgrounds were different, you know, with Stanford out here, and it was MIT and Harvard back there-- MIT and Harvard Business School, I should say. But a lot of the guys out here were HBS guys. A lot of them! And so, you know, there were really very few differences. You know, there was more focus on startups. And more maybe-- some more, not much-- some more focus on technology out here, but not a lot, because the opportunities, you know, whether-- if you were going to build a small computer software company, the market for that wasn't San Francisco or L.A. or Boston. It was everywhere! And so, you know, you were going to start a company, where it happened to be wasn't really important. You could do it anywhere. Now it was easier to do it in San Francisco or Boston, because there were more people to fill technology positions in early-stage companies in those communities. So it was easier to staff a company on the West Coast or Boston. But anyway, we didn't-- I don't think I ever made an investment because of where it was, or certainly *not* make an investment because of where it was. We just didn't do that! You know, we invested in where the best opportunities were. Where we perceived the best ones to be. So anyway.

Rothrock: Hm, interesting. So your deals: Apollo, Centacor, MIcom. These were big deals. I mean, Bill Poduska is pretty legendary for who he was. Are there other entrepreneurs that you clung onto like you clung onto Bill for the next deal? Was that a routine to hang with entrepreneurs who were successful with you? Was that a trend?

Waite: Well, I think we hung with each other. You know, if we were successful together, and the guy was gonna start another company, you know, the natural thing was to call me up. You know, he didn't have to introduce himself and that. We knew each other!

Rothrock: <laughs> Yeah.

Waite: So it was easy. And so you tended to do multiple deals. MIcom Systems, I had an old friend in the venture capital business, David-- David-something. Jewish guy. And a big guy. David-- I can't remember his name now. And anyway, he brought me MIcom. Now MIcom was a company he'd come in touch with in Los Angeles, and so he brought the deal to me, 'cause they needed more money than they had. And so I hit it off with the guys there. And we invested money in the company, and I went on the board. And the Number One guy turned the company over to the Number Two guy, whose name was Roger Evans.

Rothrock: Oh, yeah.

Waite: And Roger Evans is a Brit, and so we ended up hiring Roger Evans at Greylock! So we did MIcom with them, and then many years later, he was a guy that was in touch with the deal community, and we were ready to hire somebody out here. He lived here in L.A., so we hired him in Greylock, and he's still with us. So I don't think there were many differences.

Rothrock: Yeah, okay. A deal on here that I've always-- I actually met the Founder and CEO of Neutrogena, and he was a Harvard Business School Graduate. How did that-- was that a Harvard connection that got you Neutrogena? That's a pretty different deal than all the others on this list.

Waite: Well, not really. We did a lot of things like Neutrogena. I mean, Neutrogena looks different, but Neutrogena was-- we backed a guy-- the guy you're thinking of us--

Rothrock: Lloyd?

Waite: Mi-- who?

Rothrock: I thought his last name was Lloyd. Maybe I'm wrong.

Waite: Yeah, it was. He was the Founder. But actually the deal came to us through somebody else. Because Neutrogena was acquired by somebody. And we ended up with a piece of it. It's too many years ago. That's 50 years ago.

Rothrock: That's fine. I just wondered if it's just a-- it's a big company, a big deal. It turned out really well.

Waite: Yes. Cooper. It won't come to me, I'm sorry.

Hancock: That's fine. Some of these-- Ray's been asking about some of the investments that you led, very successful. How about companies that you evaluated, but decided not to invest in? Are there any that stand out in your mind? Things that you passed on?

Waite: Intel, Microsoft and--

Rothrock: Apple.

Waite: And Apple. How about those three?

Hancock: How about-- <laughter>

Waite: Was I wrong? You got it! I was way wrong! But they were all on price.

Hancock: Hm.

Rothrock: Hmmm.

Waite: I didn't decide Microsoft didn't have a future! But I wasn't willing to pay for the future!

Rothrock: Got it.

Waite: You know, I thought what they brought to me as a basis, I didn't meet with Bill Gates, I met with the other guy.

Rothrock: Paul Allen?

Hancock: Paul.

Waite: Paul Allen. I met with Paul Allen. And I thought the basis for our investment should be a two million dollar evaluation. They wanted twenty million. Well, it was too much!

Rothrock: That's a big spread. That's a big spread.

Hancock: Yeah.

Waite: It's a big spread! And was it worth 20 million? Yeah! It was! It turned out it was! And I was wrong. You know, you get to be wrong! And I was big time wrong on Microsoft. And yes, I did meet with them, and the company, it was 1975, as I remember. So the company was probably four or five years old, something like that. And was it a big win? Of course! Now Intel, I looked at early on. They were already publicly owned. And it was, again, it was a case of value. One of the principle founding investor in Greylock was Sherman Fairchild. And he invested in a number of ventures and venture capital firms. And he knew Bill Elfers, and so he was the one-- he came to us and wanted to put money in and we took his money. And Sherman Fairchild was an early backer of Intel. And he sent me over there! And again, it was valuation. Now I don't remember the value they thought, but it was publicly owned, so, you know, a lot of the big rise was already behind them. And so I passed. I just thought it was too expensive. Now Apple was a different story. They're all different! Apple came to Greylock, came to me. And very early on, and I made a date to go and see the company the next time I was on the West Coast. And one of the guys I did more stuff with, and so did you guys was Sutter Hill Ventures, Paul Wise. Paul and I became very close friends till he died four or five years ago. And I ran into Paul somewhere before I got to Apple, and he said, "Charlie, don't bother!" He said, "They want too much money. It's too expensive! I wouldn't touch it!" And so I thought well enough of Paul that I canceled my date!

Hancock: Hm.

Rothrock: Wow.

Waite: Now if I'd gone, would I have made the investment? I don't know. But I thought, well, you know, I didn't have time enough to do all the things that were out there to do. So if there was one I could get rid of with a phone call, you know, that was fine! So that's what I did. And you know, was it a mistake? Of course it was! So those are the three that stick in my mind. But I made a lot of other mistakes. And I made a lot of good ones!

Rothrock: Yeah, I'd say the ratio of wins to losses is pretty good.

Waite: Yeah. And the thing you want to avoid is big losses. Because a big loss takes a lot of time. Because you don't say after a couple of weeks, "Oh, this is a loser, good-bye." You know, it doesn't work that way. You've got-- you sink enormous amounts of time into trying to fix it. You get a new guy or whatever, or additional product lines or whatever. And so you spend an enormous amount of time before you can say good-bye to somebody. So if you could get rid of one quickly, there's an incentive to do that. Because you know, today you say, "How did you turn down Microsoft and Apple?" Well, "And Intel?" They were all price!

Rothrock: Yeah.

Waite: It was all price. That was the thing. You know, a guy gets a company started, and he-- and you're looking at, you know, how much $300,000 is worth, but you don't know how much 10,000 shares of his company are worth. That's the negotiable part.

Rothrock: Right.

Waite: And he obviously thinks it's worth more than you do. And so a lot of-- that's probably the most frequent reason for turning things down is a disagreement on the value.

Rothrock: Yeah, wow.

Waite: So.

Rothrock: So you've been around Greylock a long time. You still are involved there at some level, I'm sure. Know the people.

Waite: No, not really. Not really, Ray, I'm not. You know, because I moved out here. So I moved away-- now, we have an office here, of course.

Rothrock: Yeah, right!

Waite: Main office is here. But I never was as close to those guys as I was to my Boston partners. Because, you know, we grew up together. And so when I got to be 65, I stopped going to the office.

Rothrock: Okay.

Waite: The day I was 65. You know, you got to do it sometime. So I did it then. And more and more the West Coast guys were running the firm, so I just played a smaller and smaller role. And so I never had a breakup or anything, it's just that, you know and venture business, is a young guy's business!

Rothrock: Yep, yeah.

Waite: It's a young guy's business, both from the energy standpoint, and the technology understanding, you know, people of our generation, or my generation, just aren't as good with new computer technology as the younger guys are, who have been doing it since they were 20 years old!

Rothrock: Or ten! <laughter>

Waite: Or ten! Exactly!

Rothrock: But the business has changed a lot.

Waite: It has.

Rothrock: I mean, I've watched it in my time, you've watched it in yours.

Waite: Sure, of course.

Rothrock: What's good about it now? What concerns you now?

Waite: Well, of course, it's all bigger. There's more money. More people, more firms, more investment, and more money in the firms. You know, people don't start firms with $500,000 anymore. You know, you got to have six or eight million at least! Or more! So it's the size that's a big thing that's changed.

Rothrock: Scale, yeah.

Waite: And of course, it's everywhere now. You know, when you and I were getting into the business, it was New York/Boston on the East Coast. And out here it was principally San Francisco and the Peninsula. But you know, there's venture firms everywhere now! And many more deals are done, much more money goes in each time. So that's all different. And there's a wider variety of things being done. So anyway. But principally, you're still looking for good people, who are addressing important growing markets. That hasn't changed.

Rothrock: Right. That's the same thing as always.

Hancock: When you reflect back are there any sort of surprises?

Waite: What's that?

Hancock: As you reflect on your career, were there any surprises? You talked about a few, Apple, Intel, a few deals that you didn't invest. But how about things that maybe surprised you, or unexpected consequences?

Waite: Oh, you know, [in our business] you were surprised every month! <laughter> You know, there were surprises all the time! Because things often didn't work out the way you expected. A company you thought was good, but you know, turned out to be great! And there was ones that you thought were great, turned out to be okay. So there were surprises all the time. It's a business that, you know, you're doing new things all the time. And so that's what it is. I had a good time in the business. I had a good record. Made a lot of money for the firm -- and for myself. And I loved the business all the time, and I'm glad I was in the business. I loved the variety -- the variety. You know, 'cause you were doing something different every day. And if you didn't like what you were doing today, just be patient, because it was something different tomorrow. Different company, different city, etcetera.

Rothrock: You just used the word "patient." One of the concepts written about often is the "impatience," you know, of the limited partners, and of the money in the capital, and so speed is important. Is that patience, is that a lost art in our business do you think? It still takes eight or nine years for a company to go from startup to public. But the pressure from the financial side of it… I mean, when you had families involved versus institutions, there must have been a tension there. I just wonder if you see that today, or do you guys talk about it?

Waite: Well, today, you know, I can't speak today. Because I'm really not in touch with the business anymore. I'm just not.

Rothrock: But what was it like-- were you family of investors, were they patient with you? Or did they lean in and--

Waite: Well, one of the things we did more than most was get to know these people so they felt like a family.

Rothrock: Ah.

Waite: Like all together like a family. So they wanted us to succeed. Not just to make money. They wanted to be associated with a firm that was thought of as a success!

Rothrock: There ya go.

Waite: And so they were patient. I mean, they weren't patient-- we tried not to make a lot of mistakes. You know, tried hard not-- because time is all you have. And if you're working on something that's not going anywhere, that's an enormous time stop, and it's not good for anybody. So to make the right investments is very important. And we tried to do that, and I think, by and large we did! And I wouldn't say our investors were patient. They were like family! They helped us! They wanted us to succeed!

Rothrock: That's tremendous.

Waite: Yeah.

Rothrock: That's tremendous.

Waite: And they talked about our business and the things we were doing just like we did. They felt part of it. And these were all the same people. You know, Greylock, I think, is now in its 14th or 15th partnership. And the last I knew, every single initial investor that invested new money in all 14 partnerships. Now that may or may not still be true. I can't tell you that is. But I know that they stuck with us, because we did well for them!

Rothrock: Right.

Hancock: Sure.

Rothrock: Hm.

Hancock: Charlie-- oh.

Rothrock: I was just gonna say, so imagine some young HBS-er looks you up, manages to get to your front door to ask you about venture, what advice would you give a young, you know, a millennial generation, you know, imagine Doriot on your shoulder, what advice would you give a young fellow or gal wanting to be a venture capitalist today?

Waite: Well, I'd say it's a great business, but you should probably do something first.

Rothrock: Okay.

Hancock: Mm hm.

Waite: You know, because when we hire somebody, you know, you don't hire them because of the color shirt he has on, you know, you hire he because you think he can make an impression on the companies you're invested in, make a contribution to those companies. And make money for you! And so why are we going to invest in some young guy who's just gotten an MBA from HBS, probably. He's got to be pretty special if he doesn't have experience. But we're going to invest in somebody who was Vice President of Marketing for a small computer company, or Vice President of Technology. And so that's-- I'd say that you need to do something first. Be good at something.

Rothrock: Hm, that's good advice.

Hancock: Good advice, great advice.

Waite: That's what I think.

Rothrock: No, that's good!

Hancock: Well, thank you so much, Charlie. We really appreciate this opportunity.

Waite: Well, I appreciate the chance to talk to you!

Hancock: That's really--

Waite: It's been a great business! I've enjoyed it a lot! And the people are good people.

Rothrock: Yeah.

Waite: By and large.

Rothrock: Yeah, by and large, yep. Just trying to solve problems.

Waite: Yeah! Yep.

END OF THE INTERVIEW

