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Venture Company Thesis: Founder Taste (v0)

This piece makes the first attempt to define my founder taste and the philosophy behind it.

Goal

The goal of defining my founder taste is to establish a clear framework for achieving consistently extreme returns. Extreme returns come from extreme successes, and there are two indicators to predict extreme successes:

1. *Evidence of success*

If there exists enough past data that demonstrates consistent overperformance, then there is a statistical case that the founder will extrapolate to extreme success in the future. This indicator is more well-understood, so I won't focus on this.

2. *Ingredients of success*

If there exist features that historically led to extreme success, then there is a psychohistorical case that the founder will achieve extreme success in the future. This indicator requires defining subjective taste, so I'll focus on this.

Note that I have invested in and will continue to invest against both of these indicators, and often the evidence and ingredients of success are both present. A good way to think about these indicators is that there is a minimum threshold of conviction needed to pull the trigger, and I will invest if the sum of these two indicators surpasses that threshold.

Philosophy

My core philosophy in life and investing can be summarized as:

OOD input leads to OOD output.

Interpreting this philosophy in a few contexts:

- *In statistics:* out-of-distribution input samples are reflected in out-of-distribution output samples.
- *In life:* if you want extreme rewards, you must put in extreme effort.
- *In investing:* if you want extreme returns, you must make extreme investments.

Extreme people accomplish extreme things. For another portfolio theory application of this philosophy, see the "Favorite Longshot Bias" section in [Thematic Investing: Philosophies \(v0\)](#).

Traits

Based on this philosophy, there are a few traits that I perceive as ingredients of success:

1. *Seriousness*

Seriousness is the most important trait to me, and also the hardest to explain in words. If I had to summarize this nebulous characteristic, it would be in the question: How much do you care? Seriousness is an attribute, attitude, but not aptitude. A highly competent person may not be serious, but a highly serious person will do her best to build competence. Seriousness is having a real reason for the pursuit of excellence; Seriousness is the willingness to go to extremes for a higher likelihood of success; Seriousness is the addiction to pushing oneself to the limit for the sake of it; Seriousness

is the desire and need to be the best at whatever one does; Seriousness is not mindlessly following expectations on autopilot; Seriousness requires the rest of the traits.

2. *Pain Tolerance*

Isadore Sharp, the founder of Four Seasons, has a famous adage: "[Excellence is the capacity to take pain.](#)" This quote has been cited as the best maxim in the history of entrepreneurship, and it applies to life in general. Extreme successes require extreme failures; extreme rewards require extreme penalties; extreme pleasure requires extreme suffering. In business as in life, the cumulative sum of one's happiness equals the cumulative sum of one's pain as time approaches infinity.

3. *Obsessiveness*

Another legendary entrepreneur, Sam "The Banana King" Zemurray, has another adage: "[There is no problem you can't solve if you understand your business from A to Z.](#)" This quote is not a verdict on a founder's knowledge base about her industry, but more so uses it to reveal how much she cares. Extreme obsessiveness leads to an extreme understanding of one's business, while the converse is not necessarily true. Obsessiveness about one's work often creeps into obsessiveness in other aspects of one's life, reflecting a general attitude of commitment.

4. *Consciousness*

When we're babies, we're not all that conscious. When we learn language, we become more conscious. When we're adults, most of us plateau in consciousness. However, extreme people grow to become extremely conscious. Consciousness requires knowing what one wants, why one does what one does, and who one is. Having extreme levels of self-awareness requires extreme introspection - asking the hard, dark, and deep questions in life - which builds the necessary foundation for the extreme pursuit of extreme outcomes.

5. *Authenticity*

Authenticity goes hand in hand with integrity. Authentic people are comfortable (though not necessarily complacent) with their identities and honest to themselves about who they are, which requires having moral clarity. People who are gimmicky, flashy, or attention-seeking are often not authentic - they don't respect themselves yet want, need, or expect others to respect them. Similar to consciousness, authentic founders have the necessary foundation for the entrepreneurial journey.

Conclusion

This piece lays out my general thesis that a reliable way to generate extreme returns is to build a portfolio of extreme founders. This piece also describes my desired traits of these extreme people. This piece provides the ingredients for a future piece that will explain the process of assessing founders and specific founder archetypes under this framework.