Our Conversation with Jesse Lipson

If you've ever had to send a large file over the Internet, you probably have used ShareFile (acquired by Citrix in 2011), or a service like it. Started by Duke alumnus Jesse Lipson '00, it is connected to some of the experiences he had while still an undergraduate at Duke University. Jesse shares some advice for students who are interested in starting their own company while in college.

**Duke I&E:** You had some entrepreneurial experiences while you were at Duke. What kinds of entrepreneurial things did you try as an undergraduate?

**JL:** When I was a freshman in 1996, we really weren’t thinking about internet businesses since e-commerce was in its very early stages. So my roommate and I experimented with a few very non-technical ideas. One business idea involved collected aluminum cans from campus and transporting them to Michigan for a 10 cent refund per can. We never really got off the ground with that one. A second idea involved trying to beat the casino by learning to time the motion of the ball on a roulette wheel. My roommate and I even traveled to Greensboro to rent a roulette wheel and bring it back to our door room to try different strategies.

Once 1999 rolled around, internet businesses were the big thing. Me and a few friends created a startup called EasyCentral. It was designed to be a personalized portal and browser toolbar that would make it easier to fill in forms on the web and to manage logins/passwords across web sites. The business never took off, but I learned a lot and in many ways that business pointed me down the path that I’m still on today.

**Duke I&E:** Talk us through the various startups you've been involved with.

**JL:** Aside from the startups mentioned above that I dabbled in during undergrad, my first startup was a web site development business that I started with my wife when I was less than a year out of college (she was still in college at the time). We brought a couple of other friends from Duke in as partners pretty early on. The company did pretty well but we never grew beyond about 5 total employees, and we decided to split it into three separate companies a couple of years into the business. One of those companies, Brooks Bell Interactive, is currently run by my wife. The other one, ShareFile, is my current company. The final company was sold to another web development firm a year ago.

While I was running the web development company, I also took over my father’s pharmaceutical market research company. I partnered with a couple of other Duke grads to take over the day-to-day management of that business and we eventually sold the whole business to a public company in early 2005.
Duke I&E: So you started a web development company with three friends from Duke. What lessons did you learn that’d be applicable to students that are thinking of starting a company with their friends?

JL: I think it’s important to choose one person as the clear leader of the company. Trying to make decisions with unanimous consent can really cause productivity to grind to a halt. It is also important to play out all of the “what if” scenarios, even if it forces difficult conversations. You should take into account the possibility that someone may want to leave the company, and figure out how that will impact their dividends and equity distribution.

I would advise students to watch the movies The Social Network and Startup.com. Having been exposed to many startups, both directly and indirectly, I can say that issues between business partners are very common and the more contingency planning you do ahead of time, the easier it makes things.

Duke I&E: When did you realize you could be successful as an entrepreneur (and not take a job)?

JL: I think I realized it when I was a Senior in college. Becoming exposed to a variety of businesses, I just had the (probably irrational) feeling that it would not be that hard to run a similar business and at least be moderately successful at it.

Duke I&E: You’ve talked about how students need to focus less on creating the next Google or Facebook, and more on finding a good business and executing well. What do you say to them when they say “well anybody could copy this idea”?

JL: I think that the concept of uniqueness is highly overrated when it comes to business ideas. Many aspiring entrepreneurs, especially students, feel they need to come up with a totally unique idea and if they later find someone already doing it, they give up. There is no need to be afraid of competitors as long as you have a clear path for acquiring customers and generating revenue. What you should really be afraid of is coming up with a totally new idea that no one actually wants to buy/use.

If companies copy your idea, that implies you have become successful enough to want to copy. In that case, congratulations. Now you just need to execute on your strategy to make sure you stay relevant. Don’t assume that copying a business idea is easy. If that were true, then Blockbuster wouldn’t have lost to Netflix and Google would have been able to copy Facebook before it became a $50 billion company.

Duke I&E: Tell us a little bit about ShareFile. How did it start, what do you do, and how's it doing these days?

JL: In a nutshell, ShareFile allows companies to exchange business files that are either too large or too confidential to send by email. ShareFile spun out of my web development business. We got the idea for the product because of demand we were seeing in our service business for this type of functionality.
The company is doing great. Over the course of 5 years, we have grown from just one employee to almost 50 full-time employees and over 2 million total users across 100 countries. We are completely bootstrapped and have never raised any money.

**Duke I&E:** What advice do you have for students that think they want to start a company now, but are worried it's too risky?

**JL:** I would say that the least risky time to start a business is while you’re in school. As a student you can work on a business without needing to make a big salary, so the downside to starting a business in college is very small. In the worst case your business will fail, but you’ll still have some great experience that will help you get a job after graduation.

Once you are married with kids and a mortgage payment, then you’ll really know what it means for it to be too risky to start a company.

**Duke I&E:** You have managed to have a successful company and your wife also has a successful company. Being an entrepreneur can be stressful, but you have it times two. How do you manage to balance work and life?

**JL:** Regarding the question about stress, I think people adapt to any situation over time. Even though I have a lot of responsibilities as a CEO, I have gotten used to those responsibilities and I’ve developed the skills to handle them, so I don’t feel stressed on a regular basis.

As for work/life balance, I didn’t have much balance for the first couple of years in my business. After a while, though, I realized that being an entrepreneur is a marathon and not a sprint. When I’m burned out, I am not creative and I don’t make good decisions. So I started working less hours and taking more vacations. I am not saying that you don’t need to work hard as an entrepreneur. I have never known anyone in any field who has accomplished something great and is not a very hard worker. But in my opinion you don’t have to work 80 hour weeks to be a successful entrepreneur.

**Duke I&E:** If you had to do it all over again, what would you have done differently at Duke to prepare yourself to be an entrepreneur?

**JL:** I would have started my first business about two years earlier than I did. Instead of starting my Senior year, I would have started my Sophomore year.

**Duke I&E:** If a student wants to meet you and has an idea for advice, what are you looking for from them? Is it the idea, the passion, the team?

**JL:** I think it’s all three of those, but the talent of the entrepreneur and their passion are definitely more important than the specific idea.