

ZERO TO ONE

Notes on Startups, or How to Build the Future

PETER THIEL with BLAKE MASTERS

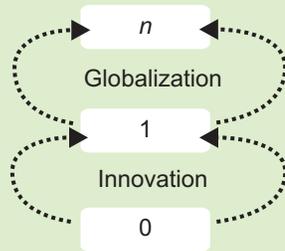
PETER THIEL is an entrepreneur and investor. He founded PayPal in 1998 and was CEO of the company when it went public in 2002. He was also an early-stage investor in Facebook, LinkedIn, Yelp and dozens of successful technology startups. He is managing partner of the venture capital firm Founders Fund which has invested in SpaceX, Airbnb and many other startups. Peter Thiel leads his own foundation which works to encourage technological innovation and long-term thinking about the future. He is a graduate of Stanford University.

BLAKE MASTERS was a student at Stanford Law School in 2012 when he took notes in Peter Thiel's Class: "Computer Science 183: Startup" which formed the basis for this book. He is a co-founder of Judicata, a legal research technology startup. He graduated from Stanford University and Duke University.

The Web site for this book is at www.zerotoonebook.com.

ISBN 978-1-77544-818-1

MAIN IDEA



Too many companies today think the essence of innovation is to come up with a better Facebook or a new-and-improved Microsoft. Or to fine-tune and optimize existing lines of business. That's not innovation – that's merely globalization which is the art of going from one to many.

True innovation means going from zero to one – creating new, fresh and probably strange things that have never before been seen. It's usually technology which facilitates these innovations and the underlying theme of advances in technology is most often finding practical ways to do more with less.

If you want to excel as an innovator in the future, don't set out to copy and improve what someone else has already done. Figure out some job that is entirely new and blaze your own trail. Focus on going from zero to one. That's the real challenge and hope of the future of humanity.

"The next Bill Gates will not build an operating system. The next Larry Page or Sergey Brin won't make a search engine. And the next Mark Zuckerberg won't create a social network. If you are copying these guys, you aren't learning from them. Doing what we already know takes the world from 1 to n, adding more of something similar. But every time we create something new, we go from 0 to 1. Unless they invest in the difficult task of creating new things, American companies will fail in the future no matter how big their profits remain today."

– Peter Thiel

10 Concepts to Keep in Mind as You Go from 0 to 1

1 The real challenge

The central challenge for any startup is to question accepted wisdom and rethink business from scratch. Anything else won't have the power to create an entire industry from thin air.

Page 2

2 Become a monopoly

The real goal of any startup is to build a successful company which becomes a monopoly by solving a unique problem for customers. You have to figure out how to rise above your competitors.

Pages 2 - 3

3 The appeal of competition

Most people believe competition is good and monopolies are wrong. The reality is the more we compete, the less we end up gaining. It's time for a massive rethink.

Page 3

4 The last-mover advantage

Everyone raves about the first-mover advantage but that is only temporary at best. Moving first is a tactic, not a goal. The real money is made by the last-mover if they can enjoy years of monopoly profits.

Page 4

5 Success is not a lottery

If success is a matter of luck, why is it some individuals have built several multi-billion-dollar companies? The simple fact is your career path is not a lottery ticket. You can control your destiny with a startup.

Pages 4 - 5

6 The power law

Regardless of whether you realize it or not, we all live in a power law world where a small few will radically outstrip all rivals. This is the law of the universe and it applies to startups in every way.

Page 5

7 The role of secrets

Secrets are the key to building a valuable company which nobody else is building at present. You have to think about secrets and get busy finding them to position yourself to excel in a startup.

Page 6

8 Culture and sales

The best startups are more like cults than anything else. People who work there get immersed in what's going on. You also need to make marketing and sales the centerpiece of what you're doing.

Pages 6 - 7

9 Man and computers

The most valuable businesses of the coming decades will be built by entrepreneurs who seek to empower people with better computers and those who have the right elements in place. They will soar.

Page 7

10 The founder's paradox

Successful startups tend to be created by unusual people. It's always more powerful – but also more dangerous – for a startup to be led by a distinctive individual rather than by an interchangeable manager.

Page 8

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