

- Jen McFadden: This episode of Beyond the Bottom Line is brought to you by the Program on Entrepreneurship at the Yale School of Management, where we're educating students for business and society.
- Jen McFadden: Welcome to this edition of Beyond the Bottom Line. Today, we are delighted to have Kiril Savino, who is the co-founder and formerly chief product officer, chief technology officer, and chief operating officer at GameChanger. Kiril has had a series of roles in the technology industry, both as a founder, and as employee number one, and as an engineering lead. Kiril, can you just give us a bit of your background?
- Kiril Savino: Sure. I'll try to tell the short, short version of the story instead of the long, long version, but I grew up an artist, first and foremost. My parents were chemists who thought that their kids should be bohemian. We moved to Vermont, and I was in painting class instead of daycare, so that was my live until I was about 17. Took my SATs. Decided I should go study something other than art. And then ended up in a start-up a few years later with my degree in Japanese, which was not particularly useful, because my programming hobby turned out to be very profitable.
- Kiril Savino: So I got into technology that way. I was a programmer for about a decade. A programmer and technologist, specifically, and then kind of with much delight managed to move back towards the liberal arts side and bring back the art and the language as I moved into product, and then at my most recent company, I was a CEO of a two-person team. And all of my time telling stories, which I love.
- Jen McFadden: So talk about that transition a little bit. You are a self-taught programmer.
- Kiril Savino: Mm-hmm (affirmative)-
- Jen McFadden: This was back in the 90s.
- Kiril Savino: Yeah.
- Jen McFadden: So talk a little bit about how you kind of did that on the side, what you do continuously now to keep up to date, and how you think about lifelong learning in terms of your career goals and just being a good human being.
- Kiril Savino: Oh, wow. Those are great questions. And a bunch of them. But yeah, first of all, I've always been a learner. Like that was probably the thing I took to heart the most as a kid. And my dad taught me quantum physics when I was 10 years old, and also how to shoot, because that's what you did in Vermont on a mountain. And my journey through technology has been a series of happy accidents.

Kiril Savino: So yeah, I grew up an artist in Vermont and with a language degree ended up, sort of found myself at a start-up because it paid better than the coffee shop I was working at. It turned out that speaking a couple of Asian languages qualified me for maybe the CIA or the diplomatic corps, neither of which I wanted to do at the time. And being able to program qualified me to do something fun and make some money.

Kiril Savino: So I never really looked back. I became really quickly addicted to the feeling of immediacy that comes with shipping things and building stuff. And there's also, I've spent a lot of my last years thinking about this, like constant tension between wanting to create things that are beautiful and perfect and awesome and you know, be like something Apple creates. I don't even know, the iPhone. With the reality of start-ups, which are poor and stuck on the ground trying to just sort of make it through the day.

Kiril Savino: And, like, I love that challenge. I love living in that space. And it's what's driven me for the most part throughout my career. I think when I started programming, I loved just the idea of building things. I remember I had a phone call with my mom, probably back in 2000, 2001, where I said, "You know, I think I'm going to skip grad school and do this programming thing." She said, "Oh my God, are you going to still do art?" She was very worried about it. And I said, "Yes, I'll probably still do art."

Kiril Savino: She said, "Well, do you want to get promoted and get into management or something?" I said, "Absolutely not." I like to build things. That's what I'm here to do. And so it was a ... I thought about it as being a very reluctant progress. I ended up the lead engineer at Hire One because I was probably the most outspoken one. I don't know. I joined Double Click right after that, and I remember going from big fish in a very, very small pond to a small fish in a very, very big pond. You know, from a 50 person company to a 2,000-person public company with a big engineering team.

Kiril Savino: And two weeks into the job, my manager took me out to lunch and said, "I think you should be running your team." And I said, "I have no idea how to do that. Like I don't even know how this company works yet. Why on earth do you think that I should be in charge?" And he said, "Well, look around. There's the guy who hasn't bathed since last year. There's one who doesn't speak English. There's the one who only comes in after 2. You're the one who can speak English and communicate, and you know, that makes you the leader." And so I thought it was very funny, but I guess like the least nerdy nerd ends up in charge pretty regularly in tech.

Kiril Savino: But as I moved through it, what I ended up going back to was I got addicted to building things that had an impact on other people, and that drove me more and more to ask questions about not just how to build this, but what are we building? Why are we building it this way? How does it feel for someone? How

do people actually accomplish these beautiful, amazing products that actually make money? And that led me quickly from engineering into product, where I spent a few years. I actually went, had to go out to Palo Alto to find someone to teach me product because I didn't feel like I could find the right kind of product mentorship out here on the East Coast. Learned a ton, came back and was obsessed with that for a couple of years. I found it the most fun intellectual challenge since programming. It's like you have the whole world as your input, and you're trying to solve these big, big, hairy fun problems.

Kiril Savino: And then while running GameChanger, we were growing and building and we had a product that was doing really well on the market, that was loved. I mean, we were succeeding, at least to some degree, the mission that I had, which was how do I figure out how to build great consumer products? But at a certain point, it started to feel like we were stuck. We couldn't do some of the things I knew that we should be able to do. And it was silly things. Like I had a friend who kept asking me, "Hey, have you got push notifications on your app yet?" And we were a consumer media company and we didn't, years in.

Kiril Savino: And it just felt so, why on earth? I'm in charge, right? So why haven't we done that, because I know that we should. Which led me to start asking questions like, "Well, hey, how do we make decisions? Where do they come from?" Well, they come from numbers. They come from our board. They come from our strategy in the market. They come from how we report on our revenue, which, you know, I spent the next two years teaching myself finance and marketing to understand the rest of the picture, and but always for me, it's that I believe, or I believed at least initially that it was a matter of just focusing on the right things would get you the right outcomes. I then learned that, okay, the money actually matters a lot, too. How the money comes into the business, how it's recorded, who's in charge of that influences the decisions that you make.

Kiril Savino: And also that building amazing products requires a lot of money. Which keeps me in the venture-backed start-up game.

Jen McFadden: So talk a little bit about how you made the transition from CTO and co-founder at GameChanger into more of a product-based role. And where were you finding information to inform that path and educate yourself on what was going on in the market? What would you recommend to somebody who's trying to make that transition now?

Kiril Savino: It's super ... First of all, it was very, very, very hard. Hard to even say in hindsight how hard it was. But my experience was that, as the company grew, it became obvious at various points that I no longer was scaling correctly, and I was holding something back. So that happened first with engineering, where I realized that, you know, I came up with an engineering culture that was very sort of alpha male, nerdy, you can just write code for 17 hours a day and you can change the world kind of a point of view. And that stopped working for me.

And I remember having the realization that every time I wrote code, I was actually making the overall situation worse. I needed to go and let somebody else do it and be talking instead.

Kiril Savino: So that was the beginning of me letting go of engineering. I had a brilliant manager in place, who I coaxed and cajoled until he took the job of running engineering for me. And then I sat there and said, "Okay, well, what do I do next?" I don't know if I'm useful. Maybe I've outlived my usefulness at the start-up. And I think this is where, and I've written about this and I've thought about it a lot. I don't think everybody makes that jump. I don't think everybody even wants to make the jump that I made. A lot of people in that situation, I think, if you really, if your love is programming and building software, then you should probably continue programming and building software.

Kiril Savino: For me, it was a realization that somebody else could do that better than I could and that it wasn't enough to keep me excited. So, you know, giant career crisis one, identity crisis. No idea what I'm doing anymore, but I decided that yeah, okay, product is the other thing that I do. Right? I ran both engineering and design, and I had become kind of the product guy in the room. And I started to realize that I was an amateur at it. So I first went to my connections here in New York and said, "Okay, well, I know the guy" ... The first guy I knew who was good at product, I went and asked him. I started talking to people and reading books, and I then quickly heard about a guy named Marty Kagan on the West Coast who does this for a living.

Jen McFadden: Silicon Valley Product Group.

Kiril Savino: That's right. So it happened that one of our investors was hosting Marty Kagan for a whole full-day event, like boot camp, in Palo Alto. So I said yes to that, booked the flight, jumped on the plane and got there and was delighted. It was exactly what I needed, and a lot of the things that we were figuring out by trial and error, it was just the, "Here's the quick validation of, yes, that's right."

Kiril Savino: I remember being really proud of myself because at one point, one of the biggest things Marty was pounding on at this event was everyone needs to go and hire some UX designers. At least one. And there was a discussion about what are UX designers? And then it was, so at some point, he said, "Okay, raise your hand if you have any of these already." And I raised my hand. And he said, "Well, how many do you have?" I said, "Six." And the rest of the people, there were like 12 other companies, they all turned and people started saying to me, "Can I have some of them? Where did you get them?"

Jen McFadden: You're like no. Thank you. [crosstalk 00:10:38]

Kiril Savino: No, they really are one, they're really, really good. We pay them a lot of money.

Jen McFadden: Mm-hmm (affirmative)-

Kiril Savino: They're amazing. But I felt good. I felt like we were at least on the right track, and I kept digging into product. And, but sure enough, about, you know, two years into running product, I had my head of engineering walk into my office and say you're now the bald neck again. There's a line out your door every day. People need decisions from you on this and that and have to show you this and this thing and that thing and that thing, and it's slowing us down. I was like, "Okay. It's time to let this one go, too."

Kiril Savino: So I initially hired or I turned an engineer into a product manager and I had a junior person working for me while I searched for a real grown-up. Hired a phenomenally smart guy who one week in, I realized that he was completely doing my job, and I was like, "This is amazing. I've hired the best person. He's so good. Now what do I do?" Now I really wanted to do, because I saw the title of chief product officer, and I had a vice president of engineering and a vice president of product working for me. People would actually come by my office and say, "So what do you do again?" And I got really tired of this question.

Kiril Savino: And I was sort of like, "Well, I manage a bunch of people." But I kind of was unsure of myself. I don't know what I do. Which started another six month long process. My cofounder Ted and I talking about what my job was going to be. And I wasn't satisfied with being a manager at the time. I said, "I don't think that fills my day." I think that I can manage, basically three people, three reports. They were all very good senior people. I can manage them. It doesn't take all day to do that. So what am I doing with the rest of my time? I think I can contribute more than that.

Kiril Savino: And built myself a chief operating officer role, but it was also a controversial move because at least according to what most people think a chief operating officer's job is, I was not really qualified for it. Don't have the MBA. Not a finance guy. Not a, I mean, I'm somewhat of a checklist person, but not in the way that real COOs are, and Ted came to start calling me ... His phrase was, if most COOs make sure the trains run on time, you periodically blow up the train and build a new one. But the net effect is pretty much similar. So that's how I approached it. Was I took my sort of engineering process background and applied that to the company as a whole. I said, "How do I fix the system to make sure that it works right?"

Kiril Savino: And then I learned a lot. A lot of fun doing it. But it was very, very challenging, and it was ... One of the toughest moments in my career because I kind of was letting go of the last thing that I had been expert in. Like at one point, I had been a designer. At one point, I had been an engineer. I had been the head of product since the start of the company. And so when I let go of all of those roles, it was a really strange moment. I'm talking a lot. But in hindsight, it was, it led to the two best years of my career at the time. I had such amazing people

working for me, and got to experience what it's like to have a top flight operational team in place. And I got to learn all day long, which is what I love.

Jen McFadden: So tell me what exactly were you doing on a daily basis?

Kiril Savino: Oh my gosh. Well, at the beginning, I was just trying to learn things. I literally would pick up books on marketing and finance. I had a really great head of finance who would set me up with a whiteboard and I remember when he taught me working cash flow. Right? On a whiteboard, and we would go over spreadsheets together, and I'd understand how they worked. And he was the person who helped me understand it, like the financial side of the growth problem we were facing. So I took a lot of advantage of the team around me. That was, I think, the greatest privilege of being in a role like that, is the chance to kind of learn from a bunch of experts. So I found it so much fun to get to learn that way.

Kiril Savino: But the projects I ended up taking on, I've often said they're some of the weirdest things I ever did. I spent a year changing a couple of metrics that we used to track progress. And it blew my mind that it was that hard. Where we were a 50-person company, not that big, but I had to get alignment from a line engineer all the way to our board on this complete shift in perspective.

Jen McFadden: So can you deep-dive a little bit into that shift in perspective?

Kiril Savino: Yes. We were trying to move from what I would describe as kind of a transactional model to an engagement-driven model. And you know, so we were used to measuring how many teams signed up with us and how many of those scored a game. How many games got scored? And I was trying to move us to how many people, you know, coaches, are signing up? How long are they staying? How engaged are they with the product, right? And not just looking at, for instance, counting our subscriptions, but looking at the engagement level of our subscribers, right?

Kiril Savino: So it's sort of obvious in hindsight, but without looking at engagement, you're missing the leading indicator for basically every piece of downstream behavior that comes from it. And I did that in combination with a pricing change, which was also brutally hard. The math part was actually really easy.

Jen McFadden: Who was your pricing expert again? Because I know you-

Kiril Savino: His name's Steven Ploum. He was very, very good. But the math itself, not so hard. The research took a few weeks to do. The work of selling the idea to the company and to the board and making the commitment to do something that big ... It did dramatic things to our revenue model. And at one point, I mean, I built an entirely new, like literal Excel model for the business to demonstrate what the price change would do. I had to finance the team, but he was busy

working on other things. I said, "Well, look, somebody has to model this out, because I need to figure out if this is going to really work."

Kiril Savino: So I kind of had to build like a whole rogue team. Like this whole new revenue angle. And it required that we, the pricing change ... What we were effectively doing was going to cause a shift from yearly subscribers to monthly subscribers, which meant it was going to cause a drop in cash flow at peak times, but our theory was that monthly subscribers, at a slightly higher price point, were going to end up returning over time much higher lifetime value.

Kiril Savino: So on paper, it made really great sense. In reality, you'd say to the board, like, "We're going to watch our revenue year-over-year plummet for the next three months, and you're going to have to trust me that it's coming back" was terrifying. And it wasn't until after I left that I finally saw it really come to fruition. And it did. Like we saw, our growth expectations just sort of went out of control after a while because the effect ... It did work. It did work. Subscriptions are amazing. People never turn them off. It's kind of scary.

Jen McFadden: So talk a little bit about your and Ted's decision to sell the company and the process to the degree that you can talk about it publicly.

Kiril Savino: Sure. And parts of it I can't, but it was ... I think letting go of a company has got to be the hardest decision a founder ever makes. Right? And I think it's, at least it's a good outcome if you're letting go for money versus letting go because it just doesn't work, and I've just done both of those things in recent history. So it's very difficult because, you know, in the case where you are actually, you have succeeded to some degree, where you have a business that operates, that makes money, you have a team that works, you have a system that works, right? You have happy customers and happy people. And then you're taking something that, you know, that was a labor of love. It was 8 years of work.

Kiril Savino: The culture alone was, I think both Ted and I talk about that team and that culture as the achievement, like the thing we're most proud of. And effectively, we're giving it to somebody else and hoping they didn't totally ruin it. And of course, they do over time. Right? And they did. We managed to hold out for a year, a year or two post-acquisition of really doing that. But that made it very, very difficult. And at the same time, I think that the decision to sell ends up, as a lot of things, where it arrives at your door one day and you realize it's there, right? We were facing revenue growth challenges that we couldn't figure out how to crack. When we did find a credible plan for changing our growth pattern and getting back to sort of an explosive company that's worth the kind of valuations we wanted to get to, it cost too much. We couldn't justify raising the money we needed to go after that plan.

Kiril Savino: And we tried. We maybe could have. We tried, and we really couldn't find some way to put that money in. And even if we'd been able to raise it, it would have

been so dilutive to the company that our board was full of some very, very smart, experienced people, which is wonderful. Told us, "You need to go out right now before you think about raising this much money and figure out what the company's worth." Because, and then do the math. And if you still think raising it's a good idea and you're ready to do whatever it is, the three, four, five year effort it takes to then execute that plan, by all means do it. But look at the numbers first. And sure enough, what the numbers said was, you know, we're worth X right now. And selling price money's not something I can actually talk about, but worth X right now, we need to be worth like 5 times that in the next couple of years to make the dilution worthwhile.

Kiril Savino: And we looked at that and said, "That's just such a high hurdle. Such a high hurdle." And so it just, at some point, it became a math problem. It was like, this is, we probably just can't do the financing. And then, of course, it was full of all kinds of crazy drama. It was, we thought we had buyers. They all vanished. We thought we were going to do a big private equity deal and do this big merger in the works two different times, and they all vanished. We finally decide that, forget VCs and forget selling. We're just going to get profitable and do it ourselves. We cut staff, went through a big budgeting process that was brutally painful, laid people off, and then right after that, the person who bought us showed up. Right?

Kiril Savino: Dick's Sporting Goods called up and said, "Hey! How are things?"

Jen McFadden: They're great!

Kiril Savino: We're like, "Great! Yeah. You know what?"

Jen McFadden: Never been better.

Kiril Savino: Never been better. By the way, we have an offer. If someone wants to buy the company. Oh you do? And then all of a sudden, it happened. It probably took six months after that, but it happened very quickly, the deal started to come together. And it made a lot of sense at the time. They were willing to pay a very fair price because we fit their strategic direction to a T. We had a deep cultural connection with their team. They came in and said ... We wanted to figure out how do you build consumer products like this? We have a deep customer-first culture. You have a deep customer-first culture. What we want is in fact this culture. We want this team of people here who you figure out how to make work like this.

Kiril Savino: Which sounded just perfect. So they said, "We won't mess it up. We want it exactly as it is. We just want you guys to come work here. We'll give you the money to be able to fund your wildest dreams." And we're like, "This is perfect! It's amazing. It's awesome. We can still do it." That delusion lasted, you know, a few months into the deal probably. And we kept, we were optimistic early on,

but I think politics inside a big corporation is brutal, especially if you're a tiny company and your buyer is ... They were literally a thousand times our size.

Jen McFadden: So you move on after three months. You have this itch with this new product.

Kiril Savino: Mm-hmm (affirmative)-

Jen McFadden: Can you talk a little bit about that process and failure?

Kiril Savino: And failure. Learning. Yeah, so, had a moment that felt like the beginning of something really, really big. A long-time partner, a long-time friend of mine who I'd worked with at GameChanger named Chris and I were talking about this concept of social scheduling and social calendaring and personal calendars, and it was something that Chris had spent years thinking about himself. He'd tried a couple of times to build products in this space. And what I had was sort of a justification for trying again in a different way. What I saw was that the technology behind calendars on mobile devices was super old and needed a refresh, and there was a chance to rebuild the fundamentals and make something that was consumer-grade and would allow us to work on this sort of social connection problem.

Kiril Savino: We were both very, very excited about it. I think it was probably maybe two months in that our first prototype completely bombed. We first tried to serve high productivity nerds, and we realized that they didn't have a real problem. We learned, because I think Chris had this framework. I think it's a Facebook thing, but it was like, is the problem ... The questions were is it a people problem? And is it a real problem? So this one sort of failed the real test. It's a problem in that people like to complain about it, but it's not a real problem in that they don't really need it solved.

Kiril Savino: So our solution was received as, oh, that's more complicated than the problem was to begin with. I'm okay with my Google Calendar as-is, thank you very much. And that hurt a lot. Especially like, as a first-time CEO, I felt like it was my idea that was just totally invalidated, and therefore so was my self-worth. And the reason to exist.

Jen McFadden: As it turns out, that's not the case.

Kiril Savino: Turns out that's not the case. I spent about 24 hours feeling that way. But I pat myself on the back because we were having this discussion, we were seeing the results come in, and we can spend a couple more weeks and try the prototype this way. And I said, "You know what? No. We need to not waste any more time. This hurts, but we need to kill this now and start moving forward because there is something else to do here." And this just isn't it.

Kiril Savino: So take two, we took what we had learned, and you know, my secrets ... I have two secrets to start-ups, right? Such as they are. One is talk to customers. The other one is just sort of like never give up. And so we had been talking to customers a lot, and we had plenty of ideas for things they did want and had learned a bunch of surprising things, especially a lot of younger people were managing their time and their social relationships, and so we decided to go and build something that was, we said, "Forget the calendar." We built basically a calendar, but it was a calendar built, rather than trying to model it on today's calendar software, we were modeling it, like completely off of like the consumer behavior first and working backward.

Kiril Savino: So we had something that felt very odd and weird. It was sort of like a kind of a personal relationship thing and kind of a calendar. But it was like your little social hub. Your way to figure out who to talk to and keep up with people. Felt fantastic. We start, we, we arrive there and then shortly after the wave broke over Facebook with all of, you know, Zuckerberg testifying before Congress and this big public media backlash against social media. And we were so excited about it because we had been, we were right there looking at it and saying, "We think we know how to fix this." Like we've been, we spent a year trying to figure this out, and I think if we start to fix it, this is a big deal.

Kiril Savino: We are in the exact right place at the exact right time. The market is gigantic, and the world just woke up. I mean, we were so excited. Now fast-forward nine months, and we're standing here like, "Okay, so the product didn't work."

Jen McFadden: We did a really good job deluding ourselves for a few months.

Kiril Savino: Yeah, well, and the thing that tricked us for a while was that, when we would talk about what we had learned and the mission and what we were trying to accomplish with it, it was like nothing had ever pitched to anybody. People would just jump. I had people lining up to work at the company that I didn't have money to pay. And I was like, "This has got to be a thing. Like I should be able to find someone to fund this because I've never seen people be so excited about working on a problem. Never seen anything resonate so deeply."

Kiril Savino: Spent all my time doing like Facebook ad tests and like just seeing people, like astonishing click rates. People really want this problem solved. So where we failed, we didn't actually solve it. That felt like the easy part-

Jen McFadden: Let alone figure out how to monetize it.

Kiril Savino: Yeah. Well, the monetization part we were happy to kick down the road for the scale of it. But we never actually solved the problem. And it felt like we were getting there, little by little, and making progress towards something, but it wasn't fast enough, and yeah. It was really tough. We kind of had to just, at some point, realize that we were out of money and out of time.

Jen McFadden: So, speaking of being out of time, we are out of time. Kiril has another idea that he's kicking around, but I think we're going to wait until he comes back for him to reveal what that is.

Kiril Savino: Shh! It's my first-ever stealth idea.

Jen McFadden: But before we close this out for the day, top book that you're giving as a birthday present this year.

Kiril Savino: Oh, wow. Well, the book that's been on my mind today, which is one of my favorite books to give to everybody right now, is called Cultural Strategy. And yes, it's a business book. It's on brand differentiation and like became my bible for building like consumer movements. Like really interesting stuff. And like, all I read is like psychology and marketing these days.

Jen McFadden: Great. Excellent. Kiril, thank you so much for joining us for the class, for joining us for the podcast, and we look forward to having you back to talk about what is next.

Kiril Savino: Yeah, thanks for having me.