

## Failure Is Not The Worst Outcome, Mediocrity Is



[Dharmesh Shah](#)

January 29, 2013

Later in this article, I'm going to tell you something you probably don't know about Drew Houston, the founder and CEO of Dropbox.

I'm a big fan of Drew. I have known him for many years (well before he started Dropbox) and am honored to call him a friend. I will cancel plans with my wife to hang out with Drew if he and I happen to be in the same city. There are only a few people I'd do that for. Plus, it helps that she loves Dropbox and uses it every day.

Disclosure: Drew is on the advisory board for my company, [HubSpot](#).



There's one big lesson and insight I want to draw out from Drew and Dropbox's story.

**The worst outcome for a startup is not failure — its mediocrity.** When I first met Drew, he was still working for a local Boston-area software company called Bit9 (in the security space, and they're still around). Good company. Drew was in the midst of working on a startup idea that was in the SAT prep space (the company was called “Accolade”). I met with Drew for dinner to talk about Accolade and his plans for it. Candidly, I was not a big fan of the idea, and told him so. It was a super-competitive category, it was going to be hard to differentiate. Most importantly though, I was not sure how big of an opportunity it was. I just didn't see it being a big, “break-out” business.

I knew that Drew was *really smart* — but I didn't have enough evidence to know if he was going to be a *great* entrepreneur. I know many, many really smart people. Few of them have what it takes to be great entrepreneurs. As it turns out, Drew is one of those people, but I didn't know it at the time.

Continuing the story...Drew ultimately ended up abandoning the SAT prep idea to do something different. He had this *other* idea for syncing files across multiple devices. It was a problem he faced himself. It too was a highly competitive market -- but it was a *really big one*.

Here's the big lesson: Many founders think that the worst outcome you can have in a startup is failure. You try something and it fails. And yes, failing is no fun. But, what's worse than failing is going sideways for years and years. **The worst is being stuck in a quagmire of mediocrity.** Things are going *reasonably* well, but not *spectacularly* well. The reason mediocrity is worse than failure is very simple: **Failure lets you move on, mediocrity stalls you and keeps you from reaching your potential.**

It's not knowable as to whether Accolade (Drew's SAT prep startup) would have been a phenomenal success or not. But, it's doubtful that it had near the potential that Dropbox did. Had Drew “stuck to it” with Accolade, it's likely that Dropbox would have never happened and tens of millions people (including me and my wife) would have been less happy. And, of course, Drew would have been worse off for it. As he will tell you, Dropbox has been super-fun and super-gratifying. We all dream to have a startup like that someday.

It would have been a sub-optimal use of talent and energy for Drew to have gotten stuck in a quagmire of mediocrity. Not a complete waste of his time -- because few entrepreneurial endeavors are wastes of time, just sub-optimal.

Imagine if all the founders that are currently stuck in “sideways” startups could somehow pull themselves out of the muck, clean themselves off, and take another crack at becoming legendary. How much better off would they and the world be?

Of course, there's one big counter-argument to all of this. How do you *know* whether you're stuck in a quagmire? Isn't startup success often about persistence and focus? What if that break-out success is *just around the corner*. Those are good questions. The simple answer is: There are no simple answers. If it were me, the question I would ponder is this: **If 90% of everything started going “right” with your startup, what will it become?** (I'll call this the “wave the magic wand”, best-case scenario). If the answer does not please you, and you've been at your current idea for a while, I'd ponder a change.

**The danger of “ramen profitability”:** One of the great things about software startups today is that it's very possible to reach “ramen profitability”. This is where the company is making enough money that the founders can live on Ramen Noodles. That's also one of the bad things. Once you get to “ramen profitability”, running out of cash is no longer a way to know that you should be starting afresh and trying something new. You can run a startup like that indefinitely — and many entrepreneurs will do just that, instead of building the next Dropbox and becoming legendary.

One point I'd like to clarify: I'm not suggesting that stable, sustainable businesses with modest growth are a bad thing. Just that if the business is not something the founder is passionate about -- she should move on. Life is short. We don't all need to build the next Dropbox -- but we all should stretch ourselves. It reminds me of an idea that Tim O'Reilly planted in my head: **Pursue something so important that even if you fail, the world is better off with you having tried.**

**Easy to say, very hard to do.** It's easy for me to say "Hey, you should abandon that startup you're working on that doesn't seem to be going anywhere," but that is sooo much easier said than done. I've struggled with that very problem myself. It's hard to let go. It's hard to give up something you've toiled away at. It's hard to all of a sudden admit "you know, my friends may have been right..." It's hard, because we're human and we become emotionally attached to the things we build. Particularly things we've had to defend against the cold, hard world. Things we've had to nurture and defend. Things that in some ways *define our identity*. I have no brilliant insights other than: Be honest with yourself and be mindful of your opportunity cost. **Life is short. We have a limited amount of time to achieve our potential.**

Version 1 of this article originally appeared here: [Insight From Dropbox](#)