

# The Ronco Principle

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January 2015

No one, VC or angel, has invested in more of the top startups than Ron Conway. He knows what happened in every deal in the Valley, half the time because he arranged it.

And yet he's a super nice guy. In fact, nice is not the word. Ronco is good. I know of zero instances in which he has behaved badly. It's hard even to imagine.

When I first came to Silicon Valley I thought "How lucky that someone so powerful is so benevolent." But gradually I realized it wasn't luck. It was by being benevolent that Ronco became so powerful. All the deals he gets to invest in come to him through referrals. Google did. Facebook did. Twitter was a referral from Evan Williams himself. And the reason so many people refer deals to him is that he's proven himself to be a good guy.

Good does not mean being a pushover. I would not want to face an angry Ronco. But if Ron's angry at you, it's because you did something wrong. Ron is so old school he's Old Testament. He will smite you in his just wrath, but there's no malice in it.

In almost every domain there are advantages to seeming good. It makes people trust you. But actually being good is an expensive way to seem good. To an amoral person it might seem to be overkill.

In some fields it might be, but apparently not in the startup world. Though plenty of investors are jerks, there is a clear trend among them: the most successful investors are also the most upstanding.

[1]

It was not always this way. I would not feel confident saying that

about investors twenty years ago.

What changed? The startup world became more transparent and more unpredictable. Both make it harder to seem good without actually being good.

It's obvious why transparency has that effect. When an investor maltreats a founder now, it gets out. Maybe not all the way to the press, but other founders hear about it, and that investor starts to lose deals.

[2]

The effect of unpredictability is more subtle. It increases the work of being inconsistent. If you're going to be two-faced, you have to know who you should be nice to and who you can get away with being nasty to. In the startup world, things change so rapidly that you can't tell. The random college kid you talk to today might in a couple years be the CEO of the hottest startup in the Valley. If you can't tell who to be nice to, you have to be nice to everyone. And probably the only people who can manage that are the people who are genuinely good.

In a sufficiently connected and unpredictable world, you can't seem good without being good.

As often happens, Ron discovered how to be the investor of the future by accident. He didn't foresee the future of startup investing, realize it would pay to be upstanding, and force himself to behave that way. It would feel unnatural to him to behave any other way. He was already living in the future.

Fortunately that future is not limited to the startup world. The startup world is more transparent and unpredictable than most, but almost everywhere the trend is in that direction.

## Notes

[1]

I'm not saying that if you sort investors by benevolence you've also sorted them by returns, but rather that if you do a scatterplot with benevolence on the x axis and returns on the y, you'd see a clear upward trend.

[2]

Y Combinator in particular, because it aggregates data from so many startups, has a pretty comprehensive view of investor behavior.

Thanks to Sam Altman and Jessica Livingston for reading drafts of this.

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