foundr

FINDING
FOCUS

IN
CHAOS

DREW HOUSTON OF DROPBOX

Every entrepreneur needs a playbook. In other words, a go-to strategy that gets them from ideation to implementation. For Drew Houston, that playbook is to get really frustrated about a problem, then solve it, permanently.

It's the exact approach Houston used when he launched cloud storage platform, Dropbox. He was taking a bus from Boston to New York one day and—yet again—forgot to bring his thumb drive and couldn't finish any of his work for the nearly five-hour ride. He was so frustrated that he sat down and began writing the first lines of code for what would ultimately become a multibillion-dollar company with over 500 million users.

After over a decade of revolutionizing the way files are stored, synced, and shared, Houston has turned to that playbook yet again. This time he has set out to solve a problem that plagues every knowledge worker today: the distracting digital workspace.

While the cloud-based tools we've developed over the years have been increasingly useful, they've also made the workspace highly fragmented and distracting, a torrent of web and desktop apps, updates, and notifications that often keep us from doing our best work. Houston's solution is Dropbox Spaces, a "smart workspace" that aims to provide one cohesive, online hub to manage all of our shared files and communications.

While this new, evolving platform has been in the works for months, it's suddenly become more relevant than ever. During the Covid-19 pandemic, so many people have become remote workers, struggling to stay focused while working from home, often for the first time, not to mention coping with a chaotic news cycle. Like many companies right now, Dropbox is working to provide all the help they can.

"Our customers are looking to us as trusted advisors to provide guidance and support as they abruptly transition to remote and distributed work," Houston says. "We are prioritizing support for the frontline heroes of this crisis, including our customers in healthcare and education."

The Dropbox team is also offering enhanced flexibility right now (in terms of pricing, terms, and payments) to customers who are struggling. "We know that if we are authentic and genuine in our support now, our customers will remember us for it."

While better ways to manage all of our cloud-based tools are now in greater demand, it's a need that was a long time coming, and Houston has known for some time that we all need a calmer, more coherent online work environment.

SUCCESS STORY

REDISCOVERING FOCUS

Houston first recognized the depth of our workspace problems while talking to an engineer at SpaceX, who was working on a project related to a future Mars landing. In awe, Houston was eager to learn what type of special tools and tactics someone might use while working on a problem as mind-blowing as putting a human on Mars for the first time.

When he asked, the engineer looked at him with confusion and said, "It's just a lot of emails and a lot of files."

That's when it hit Houston. Every single project in the world—no matter how big or small— depended entirely on being able to organize groups of knowledge workers and letting their brains go to work in the best ways possible. However, with the rise of new tools like Slack and Zoom, though they may be useful, our attention is actually becoming more fragmented, making it increasingly difficult to find time to sit down and actually use our brains.

Think about your own work day. How many different tabs, apps, and files do you toggle through every single hour? How many emails and message pings do you get distracted by while trying to accomplish some deep work? And Houston wants to clarify—the problem isn't with the tools themselves.

"The tools themselves are great," Houston says. "They're just missing the connective tissue. The problem is the workspace, because nobody is designing it—it's kind of just happening."

That conversation with the SpaceX engineer was one of many experiences that led to the idea for a new, smart workspace, which Dropbox launched in September 2019. Put simply: the smart workspace is an intelligent, collaborative hub for managing any work tool that lives in the cloud.

Historically, there has never been a great way to organize all your workplace apps, which all existed in silos from one another. The first product iteration of the smart workspace, Dropbox Spaces, lets people pull all their tools and files into a single hub that lives as a foreground desktop app.

To give you a taste of what you can do with Dropbox Spaces: people can compile all of their Dropbox files, including images, PDFs, and cloud documents, into 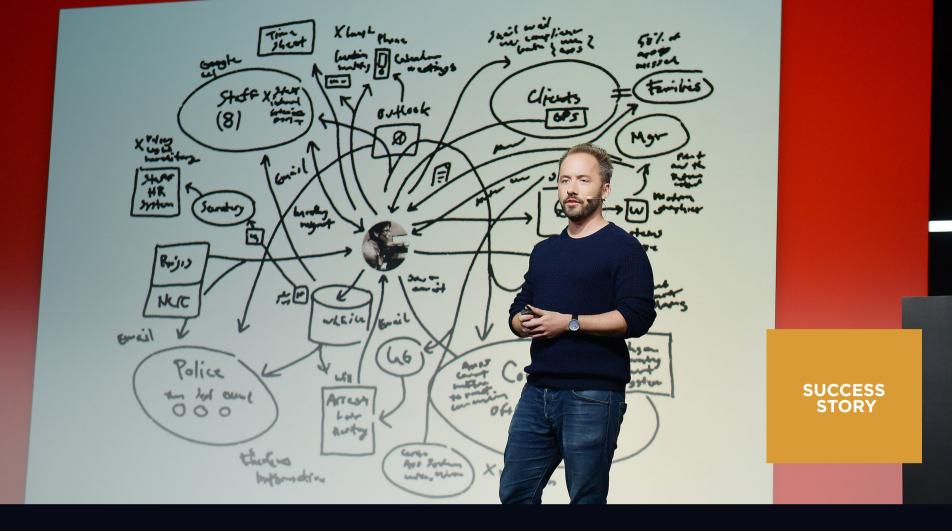a single Dropbox Binder; search for key phrases across text to find what they're looking for, even if they don't remember what file or folder it's in; and integrate their calendars on their desktops and share content for upcoming meetings. But this doesn't cover half of the existing and upcoming features of the platform.

In fact, the sudden shift in working conditions around the world, brought on by the Covid-19 pandemic, has cast Dropbox's current offerings in a whole new light, while forcing the Dropbox team to think even harder about what their audience is going to need from them going forward.

"

"The scale and abruptness of the situation has reset the table for how we think about the experiences we create for our customers when they use Dropbox," Houston says. "The questions I'm really focused on right now are: What if this way of working wasn't suddenly forced on us, what if we designed it? In that scenario, how would we thread personal connections and human expression into our product?"

PLANTING VS. HARVESTING

You may be wondering, with Dropbox having such a powerful brand on its own, why bother integrating with other apps? It seems as though Houston and his team could have just created their own versions of Slack, Zoom, etc., and bolted it onto their existing offerings.

The thought crossed Houston's mind. But at the end of the day, the decision was made while thinking about what their customers need the most—which definitely isn't more of the same tools.

"Our market was evolving, so our products needed to evolve, and you need to be thoughtful about how you do that, and you need to think about where your company is really going to contribute and have an advantage. ... We didn't want to just duplicate something that was like everybody else's thing when there are all these other obvious problems," Houston says.

It's also about understanding the market you operate in. Houston explains this as "riding the S curve," which is a mathematical model that predicts how a business will grow over its lifecycle. In most cases, as a product gains traction in a market, the business grows—first slowly, then more rapidly. Then at some point, the market reaches maturity and causes the growth rate to decline then taper off.
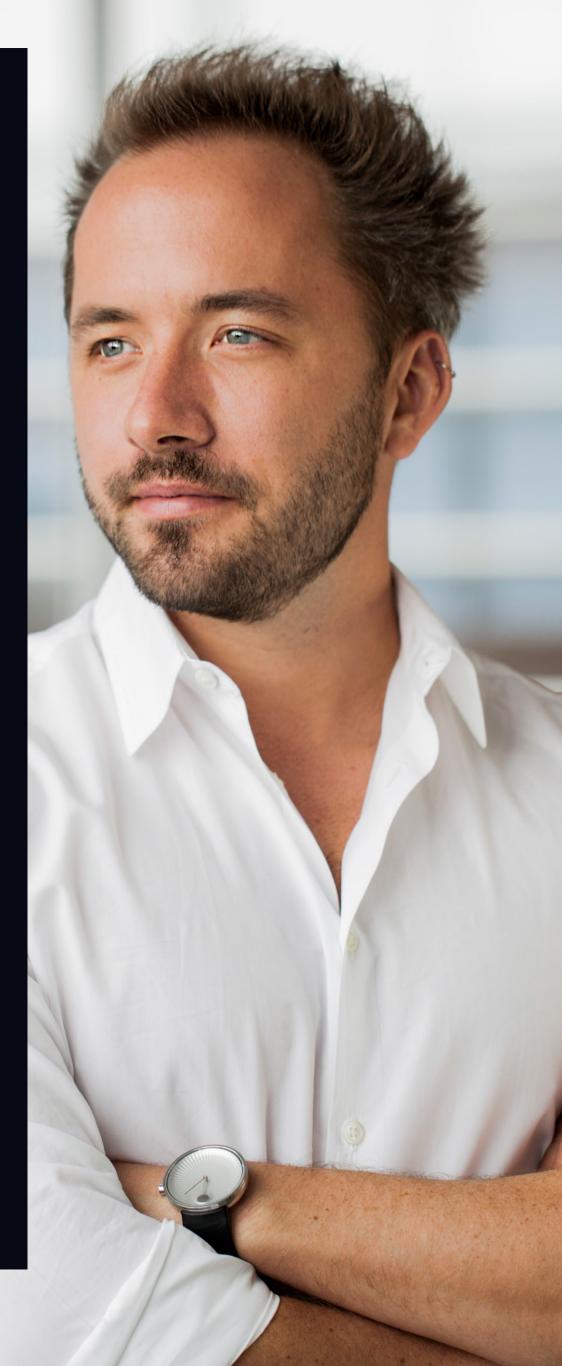
Houston is really good at predicting these inflection points and adjusting the company accordingly, so when the market they're in at the time starts to mature, that's when he makes his next move. This is how Dropbox has always been able to effectively expand its product offerings over time—from cloud storage platform to file syncing and sharing platform to, now, creating an entirely new world of smart workspaces.

For other entrepreneurs who are in the same boat and wondering when it's the right time to introduce a new product or expand their product line, Houston has this advice to share:

"As a CEO, your job is to allocate resources between planting and harvesting, yielding the future versus yielding the present. Some investments need to be your core business, some that are smaller scale that will be part of tomorrow's core business, and some speculative bets. To use an analogy, you have your trees, saplings, and seeds. One isn't better than the other, but you need all of them. ... Make sure each thing is graduating to the next stage."

Learning on the Job

As Houston reflects back on the past decade of Dropbox's success, he's pleasantly surprised. While it took a ton of hard work, skill, and a dash of luck, he realizes there was something "magical" about building the company that he has today. And while not every founder can have the same kind of outcome, he does believe it's achievable.

Part of being successful, according to Houston, is cultivating the ability to make decisions—fast—that are right most of the time. This isn't a skill you're born with. It's one you have to learn on the job, and that's something nobody will do for you.

Houston does this by being intentional about the decisions he does (or doesn't) make, developing his sense of judgment over time, and leaning on other, more experienced founders in cases where he's feeling really lost.

He admits that a lot of what he has experience with today are things he had no idea how to do 10 years ago. So he knows how intimidating it can be when you first start and realize that you don't even know what you don't know. In times like these, when you start to feel overwhelmed, Houston wants entrepreneurs to remember that feeling this way is perfectly normal.

"Nobody comes out of the womb as a CEO; it's a learned job. Everybody, by definition, is a CEO for the first time."

And no matter your experience level, Houston underscores that CEOs have a responsibility to care for their employees and the broader community—now more than ever.

"As CEO of Dropbox, my primary concern is the health and safety of our employees, their families, and our community," he says. "There's a corporate responsibility here to do the right thing and lead by example. Five years from now when we reflect on how we handled this unprecedented situation as a society, my hope is that we will feel proud."

3 TIPS FROM DREW HOUSTON ON PURSUING CONTINUOUS GROWTH

1. Look to the future.

The one question Houston asks himself is: one year, two years, and five years from now, what will I wish I had been learning today? The answer is different for each timeline and helps him prioritize where to spend his time. For example, after Dropbox had created its first prototype and raised its seed round, Houston asked himself this question. He decided in one year, he wanted to learn how to get users. And in five years, he wanted to learn how to become a great leader.

2. Design your environment.

Houston believes that your ability to learn is shaped by the environment you put yourself in. For example, because he immersed himself in the entrepreneurship club at MIT, he was able to meet his co-founder, Arash Ferdowsi.

Author: *Sophia Lee is a freelancer fluent in the language of startups. She enjoys helping companies tell the story behind their brands through the power of content marketing, social media, and PR. You can reach her at sophialeewrites@ gmail.com.*

Not to mention that many of Dropbox's first employees were fellow peers from school. Similarly, being part of Y Combinator and living in Silicon Valley gave Houston the community and access to knowledge that he needed to succeed. "If you do interesting things, then you get access to interesting people. That's why you need to be thoughtful about designing your environment," Houston says.

3. Read outside your comfort zone.

Houston is a big reader. What you may be surprised to learn, though, is that he rarely reads books about technology. Instead, he reaches outside his area of expertise, into topics such as history, business, and economics, to better inform his decision making. When he was thinking about the strategy for smart workspace, he actually gained the most insight from reading a book called, *Playing To Win: How Strategy Really Works*. Even though the book was mainly about Procter & Gamble and commodities, the book helped him better connect the dots around strategy decisions specific to his company.

SUCCESS STORY