

Saskia Epstein:

Welcome to PNC C-Speak: The Language of Executives. I'm Saskia Epstein, Senior Vice President of PNC Bank, alongside my co-host, Carolyn Jones, Market President and Publisher of the Boston Business Journal.

Carolyn Jones:

Thanks, Saskia. It's great to be with you on PNC C-Speak. Each podcast features local executives talking about relevant and timely business topics and sharing insights on their leadership journey and observations on the Boston business community.

Saskia Epstein:

Our guest today is Andrew Bialecki, CEO of Klaviyo. Andrew, welcome to C-Speak. It's great to have you join us.

Andrew Bialecki:

Yeah, thanks for having me.

Saskia Epstein:

There is so much to your leadership story, but let's talk about Klaviyo first. Can you give us an overview of the company and its mission?

Andrew Bialecki:

Sure. We started Klaviyo back in 2012, and we're a platform that powers smarter digital relationships between businesses and their customers and consumers. We have over 140,000 customers, businesses like Liquid Death, Fruit of the Loom, Van Leeuwen, Mattel, Dollar Shave Club, and they're all using Klaviyo to understand who their customers are. So think about storing every data point, every part of that relationship, and then using that to build personalized experiences across email, text messaging, their website, all these different touch points.

And I think most importantly, for the businesses we work with we're a revenue engine. We helped businesses generate over \$50 billion in sales last year. If you talk to a lot of our customers, when they think about how they market to their customers and consumers, they think of us as that key way they stay in touch. Ultimately, that's what drives growth.

Carolyn Jones:

You said you started the company in 2012, you and Ed Hallen, your partner. Tell us about that partnership and how did it all get started?

Andrew Bialecki:

Yeah, so I'll share two things. The first is Ed and I met actually down in Virginia. So I went to school here in Boston, grew up in Massachusetts, but I moved down to Virginia of all places to join a software company in the mid-2000s. And I met Ed, he'd been there a couple of years, and we actually ... Interestingly, my first project there was with him, so we got to know each other there. Ed went to business school at MIT and I moved back to Boston and worked at some startups. It was around the time that Ed was going to graduate, I said, "Hey, do you want to join forces?" And he said, "Okay, yeah, let's do it. Let's give it a try." I remember it was January 1st, 2012, I quit my job and we started what would become Klaviyo.

Yeah, the idea was I think technology is a way to scale humanity and each of us individually, scale people. The idea for Klaviyo, the name for Klaviyo comes from the Spanish "claviya," which is a piton, like something to help you climb a mountain. So we love this idea of technology as this thing that allows us to scale ourselves but helps us reach new heights, the same way you climb a mountain.

For us, we think about Klaviyo as this brain for a business. It's more than just a Rolodex, it's like everything you know about people and how to think and reason about all of your customers. And then we wanted it to be really to be scalable voice, like a way that you could get in touch with all of those customers. So we started out and we built the brain part first, and then we layered on the voice, the marketing part, second, and I think yeah, that's what we've built so far.

Saskia Epstein:

Innovation is key to great leadership and your career and company platform is all about innovation for customers. What drives that?

Andrew Bialecki:

Yeah. First, folks often ask me, "How do you find Ed? How do you find a great co-founder?" And the advice I give people is go work at companies or spend time in organizations that just have a high talent density. There is a lot of serendipity like you said, but I think you can increase your odds dramatically if you go spend time with folks that are really driven, really ambitious, very curious. So I think that's a big piece of it.

And then we talk about building new things, innovation. If you surround yourself with a lot of other ambitious, thoughtful people, you're just naturally going to want to try things. And we, at Klaviyo, we're not afraid to take risks. We have a saying internally that we're 1% done. And we think of it like a progress bar. If you remember, old enough to have had a PC where you'd install software with CDs and floppy discs. And I always had this metaphor of if the progress bar is 1% done, you're like, "Well, you haven't really started yet," so you're willing to try new things. When that progress bar gets to 60, 70, 80%, you're like, "Oh gosh, I don't want to lose my progress."

But if you have this mindset that you're always just starting, this kind of beginner's mindset, then all of a sudden going after things that feel risky, it doesn't feel like ... There's really no downside, there's way more upside. So at Klaviyo, I remember when we first started, we had big dreams of building the software, but we didn't know everything about how to build a business, but we were confident we could figure it out.

And now that's advice that we talk about internally is, "Hey, let's not rest on our laurels or where we are." When we think about new products, growing the number of customers we have, the types of customers we have, you have to have this love of learning, and this willingness to take risk and willingness to be wrong and then kind of iterate from there. So if you have the right group of people that has that similar mindset, I think they'll have lots of great ideas and then you just have the courage to go after them.

Carolyn Jones:

Yeah, I love that 1% done. I totally subscribed to that, that's terrific.

Well, obviously Klaviyo has enjoyed great success. You guys are just going great guns. And many leaders that we talk with, or many leaders in general, talk about the fact that for them failure can be a really powerful teacher. And a lot of people say that failure can be the secret to success. Can you share any stories with us on that topic from your perspective?

Andrew Bialecki:

Definitely. Something I tell Klaviyos, folks inside of Klaviyo frequently, is we're a bad place for straight-A students. And everybody goes, "Well, what does that mean? Does that mean we don't want people who are really high achievers?" And it's, no, no, of course that's great. There are some folks out there that are like, "Well, it's the grade that matters the most," And you can kind of solve for that. And sometimes you won't push yourself, you're afraid to get it, or even an F. And so you say, "Well, you're going to get some C's and some F's, so you just better get used to it and then you work and you can figure it out and maybe turn it into an A."

And for me, that came, I remember when I was, gosh, it's probably 10 or 12 ... I grew up in Massachusetts. My extended family had a lot of hockey players in it, so I played ice hockey like a lot of my uncles did. I remember I was trying out for the town team and I didn't make it, or I was on the second team or whatever. And I remember being like, "What the heck?" I obviously practiced and I thought I was good enough. And I remember this very visceral moment of like, "Okay, so you failed." And I remember thinking the next year it's like, "All right, well I'm going to go figure that out."

And I think from then there were so many things, whether it was playing sports in school ... When we founded Klaviyo, I'm an engineer, but I didn't have a computer science or programming backgrounds out of college. I was a math and physics major. So there's all these things I had to learn along the way. And my mental model was I was like, "I'm going to work really hard to get my foot in the door. And if I can get my foot just in the door a crack, then there's nobody's going to stop me or us from opening it all the way."

And I give people that advice all the time. If you're not good at something yet, just get your foot in that door, crack it open an inch, and then don't ever let somebody stop you from opening it all the way. Oftentimes along that you will fail. You won't make the high school team or the thing that you want right away, but if you keep pushing on it, then I think eventually if you get a little bit of success and you can use that momentum to get all the way there.

Carolyn Jones:

That's great, love it.

Saskia Epstein:

Andrew, this is great advice. And it makes me wonder, who have been some of your, both personally and professionally, role models or mentors?

Andrew Bialecki:

I'll give a couple of folks. First at Klaviyo we have this free book policy, which I borrowed from another Boston entrepreneur, a guy David Cancel, because I remember he said, "Andrew, nobody ever went broke buying books." So I'm a very big reader, listen to a lot of audiobooks, and I love listening to biographies and autobiographies because I think you learn a lot just about, hey, you try to study up on folks that have been great leaders, great builders.

But anyways, some folks that have had a big influence on me, I mean, I think I'd start with the folks I see the most frequently, my parents. Talk about the hustle and the amount of work it takes to do something that's behind the scenes. My mom, when I was growing up, when I was young, she had us kids first and then she decided that she wanted to become a doctor. So she went back and did all this pre-med classes and then went to medical school at UMass. We lived just outside of Boston, but UMass, their medical school is in Worcester.

And so I just remember a couple of times going with her to class, and being the kid that was allowed to write on the chalkboard when they were doing the slides because we didn't have PowerPoint or anything like that yet. And I remember her at night practicing, you think of a doctor stitching up a patient,

practicing on some of the little models that she had that we had at home. All the work and the commute back and forth that she just did. So both my parents were really hard workers, but I just remember that and thinking, "Man, if you can do that, I mean, this is easy." When we started Klaviyo, I mean, we didn't have any kids yet or anything like that. That was a huge source of inspiration of just what it takes.

Another person that had influence on me was when I was in college, my freshman year physics professor, freshman year physics class was known as being very hard. And you have kids, you're in college, you have people coming from all over the country. And he did this wonderful thing that I've tried to copy at Klaviyo as much as we can. We're oftentimes in college, especially when kids are getting to know each other, they can be pretty competitive. You might be working in the world of math and science, you often have these problem sets, you get a bunch of problems and they're due on Friday or whatever. And it was this thing of, once you solve one it's like, well, should you share the answer with other people or not? And so it can be very competitive like that.

And he did this wonderful thing where he said, "Look, this class is going to be very challenging, but I'm literally going to incentivize you all. Part of your grade is based on how everybody else does." So when you think about things like grade inflation, I guess this was, I mean, literally was part of the formula, but it had this wonderful effect of once you figured something out, you were encouraged to share it with others.

And I always felt like that's one of the most powerful things for any team is how do you make it not about us as individuals, but you make it about the team, about the customers you serve, about something greater. And I always loved how he built that literally into the culture, I mean, into literally how you got measured. And so we've tried to do something similar with Klaviyo in our culture.

Carolyn Jones:

You took the company public in 2023. Tell us a little bit about that. How has it changed things, if at all?

Andrew Bialecki:

Before we went public last year, we often talked about going public, like graduating from high school or college. And it's probably a little more rare than that, but for us it was a moment.

We had two rules as we were building Klaviyo, one is ... Or two things we decided we would never celebrate. These were not things that we cared about. We cared about customers and their milestones, shipping new products, delivering a great experience, but we were never going to celebrate, one, is the number of people we employ because that can be a vanity metric. And two, we weren't going to celebrate how much money we raised. It's not the goal, it's not the mission.

It's interesting, the going public we looked as like it's this kind of graduation moment of, hey, you're sharing, obviously you're inviting new investors into Klaviyo. You're also sharing more about the business, not just your financials, but more of the mission and starting to talk about where you're going to a larger audience. We knew it was going to happen and I think we were ready for it, but interestingly, we broke our rule of celebrating fundraisers. We went and rang the bell in New York. We had a great party at our office down by South Station, in Boston.

And then it's funny, we said, "Okay, we did all that in one day." We said, "Great, hope everybody had a good time. It's okay, you can come in a little bit late tomorrow." But I woke up the next day and I had a text message from my wife and it was like, "Hey, just before you go to work, make sure you take out the trash." So it was very much back to business and I think that's great. For us it was a fun moment, but yeah, I mean we're just focused on what we've always been focused on.

Saskia Epstein:

Andrew, what comes next? What lies ahead for the company?

Andrew Bialecki:

Yeah, so I think Klaviyo is focused on helping businesses, organizations, get closer to consumers, their end customers. You can imagine if you are one of our customers Mattel, and you've got Barbie and Hot Wheels and you have millions, tens of millions of kids, of people around the world that just love your products. I think what's fascinating, all those businesses, they want to know who those customers are and they want to find a way to treat each of those customers as if they were the only customer that mattered, as if they're ... Real white glove service.

What I find fascinating is we're doing a lot of work inside of Klaviyo to, one, help people build relationships with those folks and then give them tools, the creative tools, to design those experiences. But now we've been at, for the last four or five years, layering in a lot more data-driven products. So think of machine learning, artificial intelligence. What I find really interesting is if you think about marketing as a discipline, if you study hard enough, you can figure out the algorithms, like the decision trees, the kind of, if this, then that kind of logic that we, as humans, use to do the various tasks in our lives.

So let's take marketing as one. How do I decide, I have a new product. Which customers do I talk to? What words do I use? When do I say it? I think we can discover those things. What I find interesting is there's a lot of these disciplines, let's take marketing as one. I mean, especially digital marketing, it's only 20 years old. And even if you're an expert in that field, at best you have 20 years of experience. It's hard to believe that whatever algorithms we have, whatever logic we use, is really optimized.

And we look across Klaviyo's entire customer base. I mean, collectively we have hundreds and thousands of customers doing incredibly creative things. I mean, we have millennia of experience across all of those folks. What's exciting to me about artificial intelligence and what we can do with that is how can you take that collective understanding those ideas, and help folks learn from that. I believe that, and let's say take this [inaudible 00:14:36] marketing, not only can we make it easier to do, but we can literally help give people better strategies, better ideas and make them more productive.

And I think that's really exciting, because every time there's this big leap forward in productivity, it frees folks up to either do more or frees them up for higher order tasks. And I think clearly that's one of the things we're really focused on, is when it comes from how businesses interact with customers, I think that productivity can lead to just way better experiences. Happier customers, happier customers probably buy and consume more, but ultimately it's just a win-win. And anyways, that's something we're working really hard to just continue to bring into existence.

Carolyn Jones:

Just to expand a little bit more on that AI piece. You use it, AI machine learning, as part of your platform, and you just talked a little bit about marketing and how that affects businesses.

But just from your point of view, so many business leaders, everybody's talking about AI. What do you think in general, let's say outside of the work that you do, that business leaders maybe need to know, be aware of, to be on the cutting edge of AI, but also to understand its uses and maybe some of the challenges that might be part of it?

Andrew Bialecki:

Yeah. Not just for our products, but I think in general, the mission that we've given ourselves at Klaviyo is I think everybody, through machine learning and artificial intelligence, I think everybody can get just a lot more productive. I mean, literally we can just do more, output more, without lowering the quality, without having to work twice as many hours. And this is the value of technology, is it makes things easier.

What's really interesting actually I think about artificial intelligence is it also frees us up to work on higher order problems. I think one of the things that we're seeing with this wave of machine learning,

artificial intelligence, is the ability to define the outcome that you want. Hey, here's the end result I want and let software, through looking at your data, go figure out how to accomplish it. The analogy we use internally is a little bit like how the Maps app on your phone, I mean, you probably 10 or 20% of the time use it as a map, it's mostly for directions. And think about the same thing, "Well, I need to get from point A to point B," and we just expect that that application will figure out the right answer and we don't really second-guess it.

I think a lot more of that can happen by using software that's using these statistical techniques. So one is, hey, you should work backwards from what would it mean if everybody could get twice as much done, again without having to spend twice as much time. Because I think that's realistic. So I would build a plan, and that's one of the things we've done, and it's through software that others provide, through software that we're building, thinking about what are the core processes of our business, how we go about our days, and what would it mean if we could do those twice as efficiently. To, one, is plot out that roadmap.

The second is then start to think about, well, what are you going to use that extra time for? For a business it could just mean it's just more profitability. Because in Klaviyo's case, we think about that extra time as like, "Oh, that's great. That's more time for us to go build, time to spend with customers." And so I think we're going to find that all of a sudden there's this white space that we all have pushing yourself to think about, well, what would you do with that if you had it? I think it's coming quickly.

Yeah, I think investing in this, what does it look like when everybody's twice as good at their job, and then also what are you going to use your free time for are the two big things.

Carolyn Jones:

Yeah, that's a great perspective.

Saskia Epstein:

Andrew, let's talk about our region. Why is Massachusetts a great place to work, live, and lead a business?

Andrew Bialecki:

I'm obviously a big lifelong fan of Boston, of Massachusetts, of New England. I think it starts first and foremost with, I mean, there's so much entrepreneurship here, and I think that starts with all of the great schools that are here. I remember, because I went to college here and a lot of my friends, they came from all over the country, all around the world, to come to Massachusetts. And a lot of them left afterwards. And I remember asking them, and I did too, I moved away too, I asked them like, "Well, why did you do that?" And they said, "I mean, we like it here. Obviously we came for four years, it was great. We met a lot of great people. But hey, we think the great," in our case, I was into technology, "the technology companies, well, they're all on the West Coast."

I remember thinking, "Wow, there's this incredible ..." The genesis point is people come here to learn. If you're learning, you're naturally, you're very entrepreneurial, you're willing to take risks. You're going to try new things. And I think what's awesome is is that on top of that, studied the history of Massachusetts and Boston and all the waves of technology that have been driven and founded here, we have so many great companies in the last decade, but even the last couple decades, that have been founded here. And I think it all stems from the great schools, a great set of entrepreneurs that have paved the way.

And what I'm excited for is how do we get more of those folks, like those kids that are graduating school, how do we get them to stay here. Stay here because there are even more great businesses and stay here because it's a great place to build.

Saskia Epstein:

Well, that's probably a good segue into what you think needs work and attention, both to attract, to retain talent, as you're describing, and also to create an environment which companies can flourish and people can raise their families here to do the same.

Andrew Bialecki:

One thing I'll say about Boston is we're pretty tough on ourselves. I think it's definitely part of our culture is a big dose of humility and you can always be better. There's a big 1% done kind of mentality.

I think we have to be careful about being too critical of Boston. But that said, since that's in our nature, one of the things that I'd like to see and we're trying to help solve for at Klaviyo, is just a little bit more community. I think what's great is the work ethic of folks in Boston and Massachusetts is awesome. We're very willing to put our heads down and work hard to go accomplish some outcome. New England's a great place to build a company because, don't worry about it, it's not San Diego, it's not 75 and sunny year-round. We got the winter here. It gets dark early, it snows a little bit. That's a great time to have a cup of coffee, stay inside, and get to building.

I think we can be a little individualistic sometimes. And Ed and I and Klaviyo were definitely guilty of this too. So one of the things we like to do is bring more entrepreneurs and business builders together. Because the reality is, building a business is hard and it can be a bit of a lonely sport. And I think one of the things is you've studied these great communities. When you study the Renaissance or other technology or business hubs, it's great to get people together. The sense of community in the leaders and the folks that have had some success in Boston, paying it forward is a big part of what we believe in. I know lots of other folks in Boston that do that too.

Obviously we have the same, when I talk to folks, Klaviyos that are in Boston, they have the same kind of asks of like, "Gosh, we wish the T ran a little faster. The lines extended out a little bit." Our offices is right by South Station, very intentionally because we're like, "Oh man, how do we make the commute as easy as possible?" So that's always been a big part. And then we were very big believers in the power of getting together in person to whiteboard. We have whiteboards all over our office, all over the walls, be in close proximity. So I think housing is another thing we think about.

But anyways, as it relates to technology and business and entrepreneurship, I think this community part is the biggest thing that we all collectively can do. Now but that said, I do think we're on a great path. I think if Boston continues to do what it's doing, I mean, we have this spigot that is all of the colleges and universities around here, and I think that's just a super unfair advantage. I mean, it literally doesn't exist like anywhere else in the US, and I think it'd be smart to keep taking advantage of it.

Saskia Epstein:

Andrew, we'd like to close with some rapid fire questions. Off the top of your head, what are you currently reading or watching? Although reading I think given how frequently you've referenced books today, what are you currently reading?

Andrew Bialecki:

Yeah. One thing I'm reading is a book Supercommunicators, which is all about the kinds of conversations we have with each other and recognizing that. And anyways, we're very big fans at Klaviyo of how to write well, how to speak well. It's obviously, as a skill, I've really worked on as I have to do a lot of communicating. So yeah, that's actually what's in my Audible right now.

Saskia Epstein:

As a child, what did you want to be when you grew up?

Andrew Bialecki:

The first thing I wanted to be was a meteorologist. This is very silly, but when I was a little kid, I loved plotting the path of hurricanes during the summer. And I remember watching the, I can't remember if it was Channel 4, 5 or 7, but the news, and I just thought it was so cool showing with the radar where things were. Anyways, that was my first love and I think that's what got me into science.

Saskia Epstein:

Okay. Well, it may have kept you in the region too with all the weather that we have. Who is a Boston leader or an organization that you're watching and would encourage our listeners to get to know?

Andrew Bialecki:

I mean, there's so many wonderful entrepreneurs and startups. I'd just pay homage to some of the folks that have helped us in Klaviyo along the way. For example, the entire HubSpot team. I have just tremendous respect for them. Brian, Dharmesh, Yamini, the entire team, it's a great company and a great one to learn from.

And I think the example of this community and folks paying it forward and learning, they've been really generous with their time, helping me learn and grow. And yeah, looking forward to paying it forward to more startups that are going to be the next HubSpot, Klaviyos.

Saskia Epstein:

This question sometimes licit some surprises, what would you do if you had no fear?

Andrew Bialecki:

Man, no fear. It entirely lines up with our 1% done kind of methodology. Maybe it's 0% done in that case. I love building products. I think one thing that I'd love to do in my life is I've done a lot of digital software. This is more of a personal one. I'd love to work on a business or some products that are not just digital software, but have more of a real-world kind of presence. So think about building with atoms.

But in general, less fear, I think the world needs more creators. We need more people to be building things, creating things. So I think I would probably ... There's more that I wish I could build. Yeah.

Saskia Epstein:

That's great. What do you do for fun, Andrew?

Andrew Bialecki:

I actually live a pretty simple life. I love working on Klaviyo. I spend a lot of time with family and friends. And my biggest hobby outside of work is I'm a big runner. I think it's great if you're working on something that's intellectually hard, it's nice to have something that balances that out. And I think obviously we know the benefits of exercise. So I got into running when I was in college and I've run the Boston Marathon a couple of times.

Carolyn Jones:

Oh, wow.

Andrew Bialecki:

But to take something like that to train for, and then also it's a great time to ... You just can zone out. Great time to read books or listen to books. That's my go-to.



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Saskia Epstein:

And finally, a wish for Boston.

Andrew Bialecki:

I hope Boston stays true to what it's always been about. Being an education super hub just breeds entrepreneurship. The humility and the grits and the ambition that folks in Boston, Massachusetts, New England, have is awesome. And I think the only thing I'd add is what we talked about with community, but I think staying true to who we are is great.

Saskia Epstein:

And that wraps up another episode. Thank you so much for joining us, Andrew.

Andrew Bialecki:

Great. Thanks for having me.

Saskia Epstein:

I'm Saskia Epstein.

Carolyn Jones:

And I'm Carolyn Jones. And this is PNC C-Speak: The Language of Executives. Our guest today was Andrew Bialecki, CEO of Klaviyo.

Saskia Epstein:

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