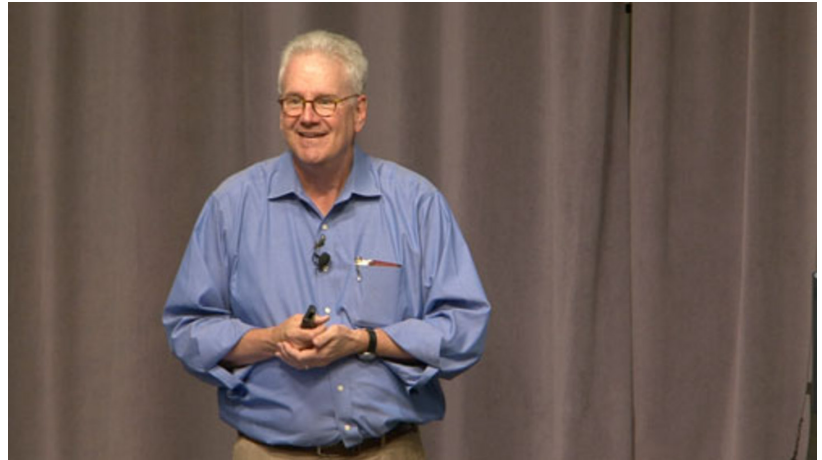


URL: <https://stvp.stanford.edu/clips/can-you-over-invest-in-power>

In response to a student question, author and MDV Venture Partner Geoffrey Moore shares how a company could over invest in power creation. Moore also offers a helpful distinction between investors' interests in a company's power and performance. "In general, venture investing is about power, and public exchange investing is about performance," says Moore.



## Transcript

So in the beginning you have performance culture and said it was a good thing, right, but it went too far.. Is there kind of the same thing for power if you go too far of the power spectrum? Is there a danger that -- I think there could be.. Yeah, yeah, I think you can get to the point where you are -- you actually lose your operating income to kind of keep yourself going.. And so because in the short-term, you often -- you can make sacrifices in performance in order to invest in power.. And if you over-invest in power and all of a sudden people stop believing in that, you can't get funding.. You can't get your next round of funding.. In general, by the way, venture investing is about power and public exchange investing is about performance if you think about it.. Because in a venture-backed company, there's not enough revenue to really say the performance is the game changer.. It's power is the game changer in venture.. And that's why I think this was an easier both for me to write maybe than somebody else because every Monday, every dialogue we have is essentially about power..

And it's usually category power first and then actually offer power becomes a very, very important to a venture company...