

URL: <https://stvp.stanford.edu/blog/videos/focus-focus-focus>

Rick Wallace describes the importance of focus for a start-up. While venturing in multiple markets can help diversify the risk, it is often disastrous for start-ups because they are already handicapped with limited resources. Rick talks about how focus helped put KLA-Tencor on the right track.



Transcript

When Ken Levy, the KL of KLA founded the company, he had a business plan and it had two businesses on it.. He was going to do mask inspection and masks are the things that go into lithography tools that image the devices in semiconductors and they were done manually.. And he thought, "You know, I can automate that.. But I also have a plan to do blood analyzers.. Similar kind of technology both image processing and the great thing about this was I can diversify my risk.. And I can be of two markets and they're kind of off cycle each other." And it will be great because he'd been in the semiconductor industry, equipment industry.. He knew that was cyclical.. So he wants to have a balance approach, sounds like it makes sense, right? So he goes to 146 investors before the first one says yes.. There's another lesson in that, 146 times people said no to the business plan before the first person said yes.. And when the first person said yes..

What do you think they told him? Pick, you can only do one.. And the reason you can only do one is because you need to focus.. You need to focus on what you're going to do.. He picked mask inspection.. He thought he had a great plan for blood analyzers but the VCs were smart enough to say, "You need to focus.. It's going to be hard enough to do a startup." And so, the lesson there, at least for me, and I'll come back to these idea is you do need to focus on where your energies are...