

URL: <https://stvp.stanford.edu/clips/paying-attention-and-seeing-potential>

Matt Rogers, co-founder and vice president of engineering at Nest, urges entrepreneurs to focus on concrete and discrete business opportunities, rather than try to aim for some grand vision. He then explains how focusing on problems that others ignored presented his company with a wide-open market.



## Transcript

But you can't build a company with a kind of a - you can have a grand vision, but that's completely impractical.. Like, if you ever pitch an investor saying we have a really grand vision, we're going to reinvent the home, we'll tell you later how we are going to do it.. They'll probably laugh at you, because that's not how you build companies.. It's good to have a grand vision and this huge road map of things you want to do, but it's good to start with a thing - something really, really concrete, discrete and that alone could be a business.. So that's what we pitched.. We pitched the idea of let's go build a company based on thermostats.. And many people laughed us then too, actually it was really funny.. I built -- actually I think I built my entire career -- actually probably my entire life's work on things that no one cares about.. And I've actually done really well doing it, which goes to show you that things that don't people - people don't care about, actually are really important.. That's what we found out..

So Tony and I back in the day, where back in the day is like 2009.. Holy cow, it's actually not that long ago.. We are doing some research in the home and basically figuring out what can we do.. He had building a home, I had a home, we looked at all these products and it turns out that heating and cooling are half of a home's energy and yet everyone knows what products exist there, right.. They do now that we've kind of brought this to people's attention.. But back when we started the company, like no one was aware of how much energy was going into their heating and cooling.. It's like kind of \$1,000 per household per year.. That's kind of mass scale.. If you think about large problems, things that should keep governments up at night, home HVAC is probably not one of them, but should actually.. It's like it's -- that's more than all the solar plants in the U.S probably the worldwide combined..

It's more than all the nuclear power plants in the U.S produce.. It's kind of that level scale.. But yes -- no one really paying attention to it.. But we realized that we could build a company just doing that and given that company, we could then build a platform to do more.. That was the whole premise.. It was actually really simple...