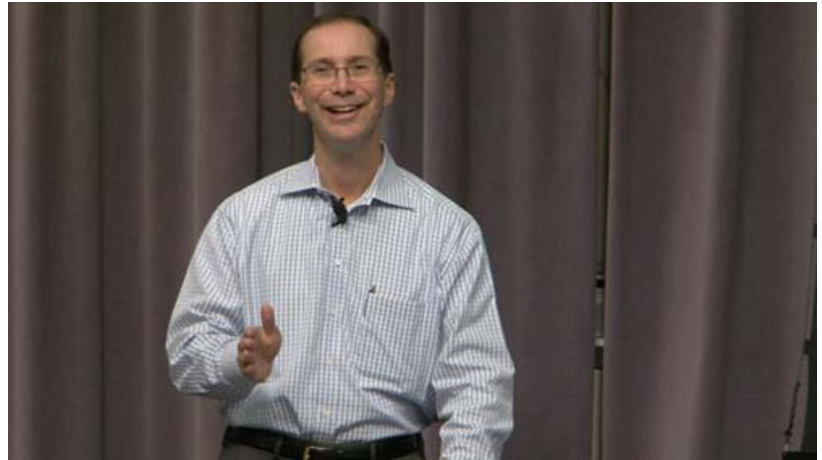


URL: <https://stvp.stanford.edu/clips/survive-until-the-market-is-ready>

A number of companies born from Idealab were started way too soon, says Founder and CEO Bill Gross. However, a number of these firms went on to success, as Idealab fostered their development until the market was ready. In this clip, Gross explains why solid cash management is often the key tool in surviving until customer demand, or acquisition interest, adequately develops.



Transcript

One of the most impactful companies we had was a company called GoTo.. It's actually our first company with CitySearch.. GoTo was a really great company that we started pay per click.. We created pay per click in 1998.. People thought that was a terrible idea.. In fact, one particular quote, when we first came out with it, in the Wall Street Journal, I think, interviewed by Don Clark, someone from Yahoo! said, "That is the most awful company I've ever seen.. We would never do that in our search results." Five years later, they bought the company.. But we really thought it was a good idea.. And we stuck with it despite some people not liking the idea at the very beginning.. It turned out to be a very big success..

There's another company that we started way too early.. A lot of companies started way too early but at the right time that the market grew.. In 1999 digital cameras were just starting to really make an impact.. They were really, really early.. But we really felt there was going to be a day when people are going to have a challenge managing all their photos, managing their images.. We started a company called Picasa.. It was way too early.. We really struggled at the beginning.. But we stuck with it and built it.. Eventually, Google saw it and Google bought it in 2005..

I'm so thrilled.. One of the reasons we sold to Google is they said they would keep it up.. They weren't going to buy it to kill it.. They were going to buy it to grow it and really build on it.. We're so happy they did.. They've done a great job with it.. It's still the program that I used today.. Some of the ideas we started were way too early and they were just way too early.. We couldn't survive until the market came and the market was ready for it.. We started some companies in 1999 that were really, really great companies in new media and entertainment..

But they were so early because there was too small broadband penetration.. And too many of our customers were using dial-up and it was too slow.. The products and offers were great.. The companies decided to spend their money too fast to try and grow market share.. When you're spending your money against the will of what the customer wants, you can't convince them to come if they don't have the right equipment or the right mentality.. The companies went out of business.. That's a really big lesson I learned.. It's to try and take your cash if you have something that's really great and survive until the market is ready for you, because almost by definition, if you're coming up with something that's novel or breakthrough or ahead of the competition, it's too early.. Sometimes, you could be early enough that they're just not ready for you yet.. Now you could give up, too, and decide to wait..

You could shelve it and wait.. Or you could stick it out.. There are some companies that seem like overnight successes but they really stuck it out until the market was really ready for them.. That was a very painful lesson we learned with a lot of companies..