

URL: <https://stvp.stanford.edu/blog/videos/the-biggest-competitors-of-new-ventures>

According to Adams, the biggest competitor of a start-up is a large established company. Their size alone is enough to destroy a young company, says Adams, but large companies are at a disadvantage because they're slow to act and avoid risk at all cost.



Transcript

So let us talk about what I have learned in the last 25 years.. And I am not sure I learned a whole lot but I have learned a few things.. And one of the things I have learned is who the competitors of startups are.. And I do not mean individual competitors.. I mean, as a class.. When you go to start a company, who is your competitor? Any ideas? I can't hear you.. Anybody have any ideas, if you are starting a company, are other startups your competitors? You think that's it? No.. No.. Who are your competitors? Big companies.. Big companies..

Right.. Big companies are your competitors because big companies have a lot more resources than you have.. No matter how much money you raise.. Big companies-- IBM has a ton of money.. They are a big company.. They can squash you if they want to.. But there are certain factors about big companies which give you a significant advantage.. Big companies are slow.. I could never work in a big company.. It is just too slow..

Everything goes slowly.. People talk slowly.. There is consensus meetings.. Driving me insane.. I could never work-- They fired me in about a week.. I just could not deal with it.. They are slow.. And they can not change course quickly.. Also, note a fact about big companies.. They are risk-averse..

You work for a big company.. I worked for a big company for 15 years, I don't want to lose my job.. Take that risk? No.. Not going to do it.. They are not going to take a risk.. No risks.. And I myself, I think they are kind of stupid.. Maybe just because they are slow to act and they are risk averse.. They don't make smart decisions all the time.. I am sure you we can recount dozens of examples of big companies making stupid decisions..