

URL: <https://stvp.stanford.edu/blog/videos/when-to-kill-a-business>

InCube Labs CEO Mir Imran reflects upon his failed business ventures. It's much more painful to kill a failing company than it is to nix an innovation, he's found. He stresses the importance of pushing an idea to its breaking point from the beginning - a preferred alternative to dismantling the rusted shards of a failed organization and wasted resources.



Transcript

You are unique and that a huge percentage of things that you do are successful, but have you had some that have just bombed along the way and you go, "Wow.. Gosh.. I would have done that differently." My success rate is high mainly because I'm willing to kill the projects before I launch a company, so if I count the projects I kill, the failures are many, but among the companies, I've lost two companies.. One was a dot-com which I started in the fall of 1999 which was a bad timing.. I should have stuck to medical devices.. You caught the bug, too, right? Yes.. It lasted all of eight or nine months, so that was a total waste of time.. Then, another company I had started back in 95.. As I was doing a lot of work with implantable devices, I realized that biomaterials were going to become very important for implantable and even non-implantable devices.. Biocompatibility is essential whenever you touch a patient..

So I started a company to develop biomaterials, and my idea was I would license this to other medtech companies for use in their devices.. After a couple of years of more thinking about it, I had already started the company, I realized that it was not a good business model because you're selling this biomaterial which is a small part of a product, perhaps, and you're trying to collect royalties, and those royalties won't come until that company is successful or that product is successful.. So I decided to shut it down and fold it into my business incubator, so I'm still using those biomaterials in a number of my companies.. Even though it was a failure, it wasn't a real failure.. Right.. The technology is really quite good.. So do you have a formal process of evaluating things along the way? Do you wait for certain milestones, or everyday, are you taking the temperature of these ventures? I realized after building several companies, in some of these, I really went through a lot of headaches and challenges.. There was one company I should never have started, but I was ultimately able to make it successful but it was a bad idea.. That was the one that really taught me the value of discipline and analysis up front to evaluate your ideas and kill them because it's much more painful to kill a company or to fix a failing company than to kill a nascent idea where you haven't invested a lot of time and money in.. So you put a lot of up front effort into evaluating whether it's highly likely that it's going to be successful first..

Right.. Great.. But that's no guarantee of success.. The big hurdles come once you actually start the project.. Right.. I'm always fascinated with entrepreneurship, about the escalation of commitment along the way.. Do you feel that at each one of these steps? Yes.. I sometimes feel like I'm stuck in the twilight zone of the startups.. It's a marathon, and you have to look at each problem, solve it, periodically step back and make sure you're going in the right direction.. You have to surround yourself with really smart people, get smart money involved, hire people who are really committed and talented..

It's all those elements.. A lot of times, companies get into trouble because of people problems...