URL: https://stvp.stanford.edu/clips/xs-place-in-alphabet

"We're looking for things that can have a huge, meaningful impact on the world within about five to 10 years," says Astro Teller, director of Alphabet's moonshot factory, X. He cautions that a parent company's priorities can sometimes distract subsidiaries, but then adds how his division's mission supports the imperative businesses have to constantly find new problems to solve in order to grow.

Transcript

- If you are coupled too tightly to an organization.. If you're busy trying to solve their problems for them, then their needs can whipsaw you in various ways that can be productive in the good cases, where you actually solve one of their problems and they'll really appreciate it.. And you have this sort of ready market for your thing that you made 'cause they already needed it.. And you don't have to think about what's hard and important, you just have to think about whether you can make the thing that they know that they need.. But in the end, businesses tend to be somewhat like a sigmoid, right? They're flat for awhile, they go up really steeply, and then they taper off in the long run.. And the way businesses continue to grow in the longer term is by having more than one problem to have.. So, X's mission is to find some new problems for us more generally to have, for the larger entity to have, and if that's our goal, to find new problems for us to have, we can't be overly constrained by what they think their problems are today.. So it's a failure mode to be maybe too tightly coupled.. I also think it's a time horizon issue.. Everything that I've just told you, I believe very deeply, but it's probably not the right thing to do if you have to, you know, declare victory and cash in in three months..

Over sufficiently short time horizons, empowering people and trusting people is probably a waste of time.. Over very short time horizons, you should probably just find the rock stars and use fear and greed to get them to get stuff done.. (laughter) I think that's probably, over sufficiently short time horizons I think that's probably the right thing to do.. The opposite is also true.. If you have decades, you cannot over-trust and over-empower people.. Even if somebody spends a half a year learning and growing, and they waste some of the entity's money in the process of doing that, if you really have many decades before you have to declare victory, you'll get paid back many times over because of that growth, because of how empowered they feel.. Now, the truth is time horizons are usually somewhere in between weeks and many decades.. But if you set the time horizon wrong, I think that can also potentially be a failure mode.. X's time horizon, I would describe like this: We are looking for things that can really have a huge, meaningful impact on the world within about five to ten years.. But, if somebody were to bring me, we do this experiment frequently, when we have two things, this one maybe could change the world in four years, but we won't know for three and a half if it's any good..

This one could take 10 years to change the world, but we'll learn something every six months about whether we're on the right path? Forget that one.. The difference between five or ten years, we're kidding ourselves that we can even tell right now whether it's gonna take five or ten.. I want the one where we can learn along the way, not where it's this one shot thing where we find out after three and a half years if we've been wasting our time or not.. So I would say that's another potential failure mode, is ending up where you think you're a skunkworks, but you're not a learning organization, you're a take big risks blindly organization, which is probably not how I would suggest doing it...