



## Stanford eCorner

### Timing is Important: The Same Idea Can Have Different Fates

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Kaplan says that every idea is repeatedly proposed. Timing of an idea is very important and very difficult to call. This involves enabling technologies, customers and trends in the investment industry to come together. He gives examples from TiVo and Amazon. An idea does not stand alone independent of timing and the investment industry, he adds.



#### Transcript

If you follow what's called the deal flow at the local venture firms, what you will find is that virtually every idea is repeatedly proposed over and over and over again. Maybe in slightly different form, in a different twist, using a different enabling technology. But the truth is that just about every idea that turns into a real company, a lot of people have. But what happens is, typically, these companies, some center companies get financed over a period of time and they wither and die, wither and die, wither and die, and then one of them hits with essentially the same proposition. And then anyone that comes after that typically can't succeed or rarely succeeds. The timing is very very important. And it's extremely difficult to call. It has to do with the confluence of a lot of different factors which include enabling technologies, awareness of the customer base, its consumers, that kind of thing, like the TiVo. I mean, is that a good idea, when is it a good idea, are people willing to accept it. That's a great example, because I think it's been proposed continuously for 25 years.

Other factors, one of which is perhaps the most interesting, which is fashion in the investment industry. Because that drives, more than you might suspect, what kind of companies get financed and what's going to happen and how successful they're going to be. I mentioned Amazon. Amazon engaged in a process of rapid expansion, and that's a polite way to put it, during a time, when it so happened, that endless amounts of capital were available. If you had gone in 1996 or 1997 when Jeff started that company, and said I want to raise a billion dollars and put it into information technology for building this company. I can't even begin to tell you how ridiculous that would have sounded. So timing is critically important in starting a company and it's very very hard to judge, when exactly is the right time? When is it going to be the right time to put applications for your cell phone? This has a VGA level camera in it. I'm selling them here at the back. When is the right time to start a company to go do that? Very very hard to say. The right time will come, but timing is absolutely critical and getting it right is hard.

The idea doesn't stand alone, independent of the timing and independent of the investment community, the investment fashion. Those things all have to come together in the perfect way in order for you to be successful in building your company.