



Stanford eCorner

The Biggest Competitors of New Ventures

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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.