



Stanford eCorner

Experience vs. Idea

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Video URL: <http://ecorner.stanford.edu/videos/1218/Experience-vs-Idea>

Adams answers the question: Will someone with experience and credentials have a better chance of securing a venture finance deal than someone who is new and inexperienced? He believes that a good idea will always prevail. Other factors are important to consider, including team, but the right idea presented to the right VC will win.



Transcript

Yeah the question is how important is the idea versus the credentials or the experience of the people bringing in the idea? And I think that, if there's two factors or two variables set, they determine, with a relative weight on the idea versus the team. And it's the economic cycle we're in, you know, like you said if it was in the bubble you had an idea, you know, you could be anybody and bring it in and it will get funded. And now, it's more or less more difficult. I think that the team is very important these days and I think Venture Capital will risk adverse at this point in time. They tend to, it's heard mentality in the venture business and they tend to go too much in one direction. So with too much in one direction of the bubble, then they correct it then they went too much in the other direction like in service of the funds. They're going to be like, "Oh hey, we haven't fully invested all of our fund. Oh, it's at the end of the fund. Oh, we better invest a lot." So it depends on where you are on a cycle and it depends on the firm. Some firms are believed market, market, market.

It's all about market, it's all about market. And other firms believe team, team, team, team. It's all about team. And you know, someone should write about it and say, "Well, Sequoia's partners here, they believe in market except for this guy who believes in that." That's sort of a road map in the who you go to because I've done this pitches and you kind of got to look at what they invested in before and who's on the team and you got to call your friend and say, "Wait, you know I think about them?" And they'll say, "Oh yeah, you do this." And so then you sort of trail your pitch to them because they're all human beings and they're trying to be successful and they all have sort of individual techniques to do that. So I think today it's very much based on reputation. However, if you had a good idea and you've got some proof, if you have some real evidence or data that shows that this idea is a marketable idea, that there's a demand for it then the revenue model stands out. Then even if they don't think that you have the right team, they'll fund your idea then they'll put the team together. So I think that a good idea with proven results will always win if you go to the right VC.