



# Stanford eCorner

## Innovation and Inertia

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April 06, 2005

Video URL: <http://ecorner.stanford.edu/videos/1319/Innovation-and-Inertia>

Moore advises that since innovation begets inertia, there is a need for companies to recycle their resources with respect to both innovation and inertia to differentiate themselves in a competitively driven market.



### Transcript

Why innovation? And it has to do with this notion that we are in a capitalist market. We're in a competitively driven market. And the effective competition driven market is over time to come out of ties whatever differentiation the company has. And thereby diminished its ability to win customers, win capital, and to win sales at attractive margins, to create attractive returns. So the only way you can respond to that is to continually come up with new differentiation. And to do that, you have to innovate. So it's not rocket science in terms of why we care about this issue. But if you look at the way we've been talking about the word innovation, we've just used the word as a single block idea. And the more you kind of double click on that word, the more you will realize there's a whole lot of different stuff underneath that one word. The other thing I want to talk about is this issue of inertia.

And in large corporations over and over again, you hear well the antibodies got them. You know we tried to innovate but we don't do that around. The process guys are taking us over. And once again, we're not thinking very well about inertia. In particular, we have set up a conflict between innovation and inertia. Saying innovation is the good stuff and inertia is the bad stuff without realizing that inertia is the residue of successful innovation. So, innovation creates inertia because old inertia is the momentum of the past innovation. So, if we can't figure out a way to deal with them as a combined system we're hosts.