Stanford eCorner

Importance of Going Slow

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May 18, 2005

Video URL: http://ecorner.stanford.edu/videos/1354/Importance-of-Going-Slow

Hawkins believes that most companies go out of business because they grow rapidly rather than pacing themselves while growing.

Transcript

All companies go out of business because they ran out of money, right? That's pretty much the bottom line. And very, very few companies didn't succeed because they went too slowly. The vast majority companies didn't succeed because they went too fast. There's occasional situations where like you got a small market when dealing you have to hit it and if you don't hit it someone else beat you to it. But especially when something new, it's really interesting. Almost, it's the people who last, you know, Palm Computing made the Palm Pilot. We succeeded because we didn't go out of business. Everyone else went out of business because they went too fast. We conserved our cash and we were able to survive the next round to do the Palm Pilot. If we spent our money and we moved fast then we would have never done that product.

We would have been out of business. So most companies fail on the, "Oh, my God! We have to go full speed ahead go, go, go." By the way, venture capitalist wants you to do that to a large extent. It's in their best interest managing a portfolio. It's not necessarily in your best interest managing a business. So that's a solid point, but I can get back to it if you want. So what we're doing at Numenta for example, we're just going to go really slow. We're going to go slow. We're going to basically say, "OK we're going to have 12 or 13 employees on our first year. We're not going to go beyond that until we're absolutely certain that we know exactly what we're going to do with them, or we're really clear that this is going to be an opportunity and at that rate we can go indefinitely. We can self-fund it indefinitely, not that we want to do that.

But the trick is just pace yourself. Very few companies go out of business because they're too slow. And almost all go out of business because they grow too fast and then once you make commitment to hire these people, you just can't take it back.