



Stanford eCorner

Market Positioning and the Importance of Partnerships

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Byers believes that the impact of marketing is often underestimated by companies. He talks about how partnering is one of the keys to crossing the chasm between the early market and the mainstream market.



Transcript

This one has to do with marketing. It turns out that in startups and all the ones I've been associated with either when we were starting up Symantec or Slate or when I've been a board member at once, you know, everybody is really obsessed with getting the product done as they should be or the service. I mean, you know, we're turning the technology into something useful. No question it got to happen. RND is very, very important. It's a necessary condition, it's not sufficient. Everybody is obsessed about sales because we got to generate some sort of revenue right away. You would want them to be that way because sales is really important. What gets lost out of the picture a lot of times is this notion of marketing, which you'll learn about if you went to business school. There'll be marketing classes.

We have a great marketing class here in the Engineering taught by a whole team of people, Tom and Dawn and so on. But marketing in the real world just sort of seeing this kind of, you know, the back seat. You know, the ugly duckling and that could reach far from the truth is what really, really happens when in successful companies. They do an amazing job of figuring out how we're going to compete, who we're going to sell stuff to exactly, who's really are we serving, and how we're going to partner in order to do that? And so a friend of all of ours in this room because he's a Stanford grad. He's an English major. I hope you've been seen him speak in this room before, Jeff Moore, popularized this model, which most of us who teach this stuff, you know absolutely love. How many of you have seen this model crossing the chasm before? It goes along this notion that everything that's radical, every innovation that's really a brave new world that really changes the game goes to a set of time before it gets adopted. Everything. I mean even digital music players. If I ask you now how many of you have an iPod or a digital music player? You'd say sure I got one.

If I'd ask you that question two years ago, it wouldn't be the same. If I ask you, you know, four years ago, there wouldn't have been many at all. Because only, you know, four years ago that people in this area, the early adapters have that. Well it turns out everybody thought that technology has just got adopted really smoothly but they don't. I mean there's the chasm. You see that break between sort of the early market and sort of the mainstream market where wealth and success really is. There's a break there. So this fellow developed a method and a way of talking about how to get across there with all kinds of metaphors of bowling alley, tornado, and Main Street. I guess my point is this, because what I notice over and over is that partnering is one of the keys to that. And I had a chance in the 90s to see a bunch of people, a bunch of entrepreneurs range a partnership with another company that people said you could not partner with that just blew me away.

And I got to watch it really closely because I was a board member for the whole get-go. The company was in Seattle. It was called Visio. It's now a product line at Microsoft but just suspend that for a minute. It was a graphic software package and it was a separate company for ten years all the way through the 90s. And it ran only on Windows and it was a drawing package and flow charting and work charts and things like that. Well they did an amazing job of getting Microsoft who back in, if you don't think Microsoft is well-liked now, you should have seen them in the 90s. That was when they're being sued by the government, you know and all these kinds of stuff for being monopolistic. So nobody wanted to work without Microsoft because they were those ruthless folks. They'll never be able to, they'll just never create a situation whereas one plus one equals three.

It was amazing to watch these folks from Visio pull that off. And do great sales, promotions together, do great marketing campaigns together. Now it turned out after ten years of dating, they actually got married. The relationship went to another level and Microsoft bought them. But even during the period it wasn't about hey let's do this so we'd get bought by Microsoft someday. It was, look partnerships are key. The way to get across that chasm we need to partner with Microsoft, we're going to make it work.