



Stanford eCorner

Physics of a Startup

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Video URL: <http://ecorner.stanford.edu/videos/1713/Physics-of-a-Startup>

Agassi explains the physics of startups. He draws an analogy between pendulum swings and corporations. Employees see kinetic energy, while the CEO sees potential energy. The sum of both is constant, he says.



Transcript

Pendulum swings define everything inside corporations, not the relationships you will have with your employees or you as an employee when you work in a company. Employees see kinetic energy. You see, they sit on the ball and they see the speed of the ball. CEOs see potential energy. It's very hard to measure potential energy. But the potential energy plus kinetic energy is a constant. And so, you have to remember that there is a big discrepancy between those two perceptions as a world. I saw the beginning of the relationship with SAP. They saw the end of the work we're doing with Baan. They didn't know where all the people were going to create momentum because the momentum is going into potential energy. Now, what holds this thing and allows you to go higher and higher and higher energy is the string.

And the string are your people. The stronger your people, the more combined energy you can get. But that's the Physics of start-ups. It's all summarized in that formula of pendulum swings. Remember one thing, though, the people are sitting on the ball. It's a very scary proposition no matter what happens because it goes up, it goes down they sense the wind. And when it stops for a brief second, when you change direction, it's the scariest moment for them because they don't know if it stopped or if it's about to break and fall apart. Have you ever seen a pendulum break? It really goes downhill from there. So, keep that in mind when you're managing it.