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Leadership Is the Scarce Input for a Startup

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Tom Friel, Chairman of Heidrick and Struggles, discusses the three fundamental inputs into a startup: people, capital and an idea. Friel argues that people, particularly leaders, are the scarce commodity and are more valuable than gold or oil.



Transcript

If you look at how companies are formed, typically they are formed in my mind with three things as the three pillars of forming a company. You have an idea, a product, a service, something. It's the intellectual side of it. You have money. You have time. Ideas are everywhere. Smart people can dream them up all day long. People in this room could dream up ideas from sun up to sun down. Money -- generally it's available in pretty much every business cycle that we've seen, certainly in my career of thirty more years. In every business cycle, good ideas get funded.

In most of them, average ideas get funded and those of us have lived through the tech room and others in some cycles, even lousy ideas get funded. Pretty much always good ones will get funded. Money is pretty much not limited in supply. If you're looking for it, you might feel it is sometimes. So what's the limited element in company formation? It's really the talent. It's leadership talent and that's the scarcest commodity on earth. It's more precious than money. It's more precious than diamonds. It's more precious than gold or oil. It is the currency of the transaction that matters as far as I'm concerned.