



## Stanford eCorner

### Cost Differentiation of a Start-Up

Beth Seidenberg, *Kleiner Perkins Caufield & Byers*

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Video URL: <http://ecorner.stanford.edu/videos/2034/Cost-Differentiation-of-a-Start-Up>

Less contingency planning, a smaller team, shorter spells of tinkering and perfectionism... Parter at KPCB Beth Seidenberg analyzes the differences in efficiencies between the corporate world and the start-up environment. Retaining its nimble nature, says Seidenberg, is the best way for any enterprise to withstand its regular crisis cycle.



#### Transcript

I have an interesting perspective now because, when I started in the industry, I always prided myself and the organization on being fast, nimble, efficient. Since leaving corporate America, I feel like I was slow, inefficient, wasted money. That is because the structure is set up in a way that you almost have to. Startup companies definitely are more nimble. They definitely can do more with less. No question about it, and faster. This example. This is what might be useful for a device company that is a startup. You would spend double this in a large company, and I'll tell you why. You would have more people working on the project.

A lot of what drives your costs are people. You would clearly have more design work, fine-tuning, tinkering, perfection kind of thing. You would have backup on backup on backup. This has been a learning for me, and hard, because my instincts are to have more contingency planning, and you can't do that in a startup. Maybe not in a startup. Yes. So then, that's where the nimbleness comes in because every single company goes to the ICU at least once and is in the emergency room about once a year; my physician analogy. It's the reality, so you have to be nimble. You have to deal with those crisis times and know how to work around them.