



Stanford eCorner

Let's Make a Deal

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Both parties are better off at the end of a deal, says Founder and a Managing Director of DFJ, Tim Draper. By constantly creating a string of deals, market players create a network of people who will benefit along the supply chain. Do deals to help build the economy, says Draper, and you can build richness and variety in your portfolio. Even when deals fail, if you persevere the final sum, it will have a positive ripple effect.



Transcript

Tim Draper: There's one other thing that's really important to think about during this kind of time. I call it "the deal". I was talking to my daughter and she said, "Why do you make a deal?" I compared it to shopping and suddenly her eyes lit up which was kind of funny. But in shopping you're making a deal. And if you make a deal, you're both better off. No matter what that deal is, you're both better off because you made the deal and you like it. And they made the deal and they like it, and you're both better off. You buy something in a store, you're better off and the store is better off, and all the people that made that are better off and they all create more and more jobs. That works in business too. You make a deal with somebody in business, both of you are better off.

And you've now created the beginnings of a new potential network of people that you've affected and have improved. So focus on making deals. Bill Gates, think of the number of deals he's made. But also think of all the deals anyone's made in buying Microsoft software, and they're all better off because of it. So go out and do deals and that builds an economy, and that grows an economy. If you're alone, if you don't do deals - this is what I said to my daughter. If you don't do deals, let's say you're a zucchini farmer and you don't do any deals. Everything you see is going to be a zucchini and that's all you're going to be eating. But if you deal with a guy who does the tomatoes and a deal with the guy who has the cow farm, then suddenly you've got a cheeseburger there. And it's a better deal for everybody.

Tony Perkins: With zucchini on top. [Laughter] Tim Draper: Yes. It's the zucchini cheeseburger. But I think people are reticent to do this. And sometimes your deals will fail. You've got to be prepared for that. Sometimes you'll buy something it just won't work or sometimes you'll do something it just won't happen. And sometimes a business will go out of business. But if you just keep doing these deals, you're all going to be better off and so are all the people around you, and so are all the people around them. It has a ripple effect that is really powerful.

So think in terms of that deal every time you shake hands. Make a deal.