



Stanford eCorner

Tension Between Goals and ROI

Brent Constantz, *Calera*

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Serial entrepreneur and Calera Founder Brent Constantz discusses the tension that can develop between a founder's goals and an investor's desire for a quick return on investment. Constantz shares a story from his days in the med-tech sector to illustrate this point.



Transcript

Well, there is the real world and then there's Silicon Valley. I think with my third company I learned a lot about just building a business with your own money and not setting your goals too high. If I noticed one common fault in everything I have done, it's that I have set my goals too high, which is great, if you want to go build that trillion-dollar company. But it's a lot easier to fail. I think choosing something that you know is doable, that you can go out and get accomplished without having to raise an enormous amount of capital and tell a fantastic story is a good way to go as well. I remember with Norian, the first company, they said, "Well, you know, it's going to take you \$50 million and five years to go through prospective randomized multi-centered trials in orthopedic surgery." But you know what? There is more of root canals than there are hip fractures. And we could make \$15 off each root canal. And we could get FDA approval for that in 90 days. So, let's become a root canal company. So, we wasted about a year and a bunch of money to do periodontal defects and that's a total waste of time.

Dentists pay for things with their credit cards. It wasn't what you want to do. So, it's this constant tension. It's true to really get these guys managing these big funds, to invest in something, you better have just a big story with a fantastic return on investment. And that's really different than the way most people start businesses.