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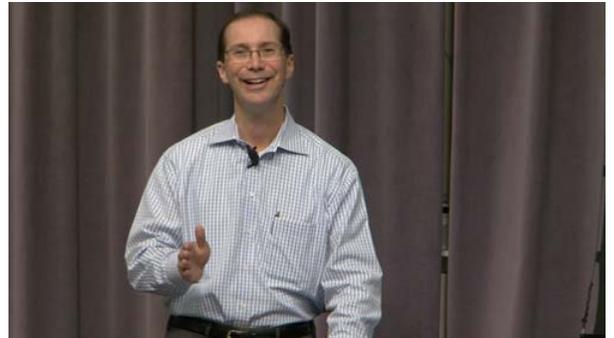
Judge on Impact Over ROI

Bill Gross, *Idealab & eSolar*

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Video URL: <http://ecorner.stanford.edu/videos/2666/Judge-on-Impact-Over-ROI>

Idealab Founder and CEO Bill Gross addresses a question regarding his company's willingness to hear ideas from outside the company and the competitive advantage that this may or may not provide. Gross says Idealab now spends more time hearing ideas from external sources than they did in the past. He also articulates Idealab's principle of trying to judge ideas more on their possible impact on society than on a projected return on investment.



Transcript

So I was reading about Idealab. I'm in the MS&E178 class. We have a discussion before each of the speakers come in. One of the questions I kept coming up was the fact that Idealab is like something between a venture capital firm and a startup incubator and the one big difference is that you guys don't take outside ideas and come up with your own ideas. Obviously, it has been successful so far, especially since a lot of the companies that had been shown on the slides have been acquired or have done well themselves. But I was just wondering, do you ever think that it's a competitive advantage that you don't take outside business proposals, that you don't spend the time with VCs meeting entrepreneurs? Or do you ever feel that idea generation becomes stagnant with all of the staff at Idealab? Question about the idea generation and taking ideas from outside. I actually think it's a competitive disadvantage that we wouldn't take ideas from the outside and meet outside entrepreneurs. So, we're actually starting to do that more. The reason we did it was not because it's smart or not. It's just we had more ideas we wanted to do than we could find people to do.

It has been my problem all my life. Just every week, we're coming up with a new idea. We would do 52 companies a year, if we could. It's just finding talent to execute on those ideas that is the bottleneck. So, we are having people come to us from the outside with ideas. Sometimes, that idea merges with one of ours. Sometimes, we'll found that company separately. But I really think of what we do as we're really trying to be more of a lab, where we have the chance just because we like it. I'm not saying this is a good business model. We just love doing it.

We love being in the part of experiencing new idea generation, trying them out and seeing what works and doesn't work. That's just fun to us. The other aspect that we're trying to do is we're trying to make a big impact. So, we actually are looking probably in our criteria for going forward with an idea, will this idea be something that someone else would never have done, because then we can make more impact on the world. As soon as we call an idea is a great idea, test out on a business model. But it's sort of close to what other people are doing. So, even if we can make an OK business, it's just not interesting enough for us. Again, that's just our choice. So, we're trying to judge on impact, not ROI, sort of impact on ROI. We try and find ways to meet great people who can help us do the things that we think will have a big impact.