



## Stanford eCorner

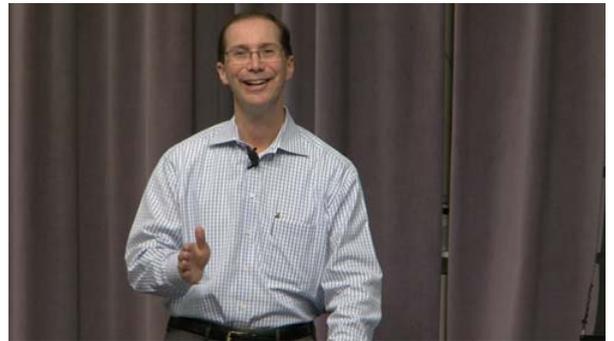
### Can You Objectively Compare Ideas?

Bill Gross, *Idealab & eSolar*

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Video URL: <http://ecorner.stanford.edu/videos/2667/Can-You-Objectively-Compare-Ideas>

Bill Gross, Idealab's founder and CEO, shares his thinking on how to objectively compare ideas. While admitting it can be a challenge to do so, in this clip, Gross describes some of the criteria used at Idealab to best consider and test the validity of various products and ideas.



#### Transcript

How do we objectively compare ideas? It's very hard and it's very emotional, for sure, because I said, one of our metrics is impact. Sometimes we look at two ideas. One has a better business opportunity. But we look at it and say, "I think this is going to change the world more. It'll be better for people, better for humanity. Let's do that." We have a company we started called Duron Power. It's a company that is making very small-scale solar solutions for villagers in India and Africa. It's a \$99 product with a solar panel and battery and lighting and cell phone charger and fan. We're not going to make very much money on that. We're selling it for maybe a few dollars more than we make it for.

But we can have a million families have that, it will have a great impact. So, we chose to go with that when even though it wasn't maybe the best economic one. So, measuring that is one way. The other way we try and compare is we do business models and projections and forecasts. We, of course, do that. We do focus groups. We test on people. The thing we really like to do, I don't know if we're known for this but is the thing that I'm most proud of what we do, is we try and find ways to come up with the absolute minimum viable product and test. I think you guys have heard that variation thing before. But I'll give you one specific story.

One thing that I want, going back to things I want, it's like 1997 or 1998, I think. People were starting to use credit cards online and that was taking off. But still, a lot of people were scared about turning credit cards online. I wanted to get a new car. I didn't want to go to a dealer. I just hated the hassle of going to a car dealer. I've been so messed up by all the lies and everything that I got from going to a car dealer. I wanted to go to a website. I wanted to do the whole transaction website. I wanted the car show up at my house and flat via a truck.

I thought that's the way the whole transaction should occur. I told people that idea. They said, "That's crazy. I don't think people do it. People aren't going to buy a car online. No one is going to use a credit card. No one is going to put a deposit of \$1000 down without seeing the car." And I said, "Yeah, I think they will because I'll do the research and I'll figure out what car I want. I know what I want, I'll configure it and I just want to buy it." That was the concept that was called CarsDirect. We had a lot of disbelievers. I gave a particular CEO that we found a budget of \$1000,000 and 90 days to see if someone wants to buy a car online.

The idea was to make a website where you could configure some cars and we'd see if people had put in \$100,000 deposit. Then, if they did, we would sell them the car. He kept on coming back to me 30 days and, "OK, we're talking to car dealers about this and getting supplies." "What are you talking to car dealers for? I just want you to make a website." He was just talking to find out how to find out how to become a dealer for Ford and dealer for Honda." "We're not going to do that. We're just seeing if someone wants to do it." Then, he came back in 60 days, "Well, I'm working on this." On the 80th day, I said,

"Just put the site up. If someone buys a car, put it up at the end of the day. If someone buys a car by the morning, we'll the site off and we'll go buy them at the Honda auto mall down in Monrovia and we'll deliver the car to them. We are not trying to actually sell a car." So, he finally put the site up one Thursday evening. I remember coming in on Friday. He came up to me silently, "We sold four cars." I said, "Hurry up and turn the site off." Well, we saw that people wanted to buy a car. They didn't know that we were driving down to pick up the car.

That didn't matter. Then, we turned the site off. Then, we built out a system because the test worked. We found out that someone actually would do that. I really, really try and do that all the time with the companies, like how can you find out in some fake, kludge way do people really like what you have. And then, go build the whole thing if they do. But don't build the whole thing first and then find that out afterwards.