



Stanford eCorner

Execution is Key

Ted Zoller, *Kauffman Foundation*

February 01, 2012

Video URL: <http://ecorner.stanford.edu/videos/2883/Execution-is-Key>

"When you have something that is so complicated people can't understand it, you're doing the wrong thing," says Ted Zoller, senior fellow with the Kauffman Foundation. Zoller articulates why teams can leverage a mix of optimistic and pessimistic personalities, and why money should be viewed as a tool. "Money is not evil, it's a tool. You can use it to make your ideas available."



Transcript

You have to be able to execute and execution is critical. Execution is the function of actually putting your ideas in motion. When you have something so complicated that people don't understand it, you're doing the wrong thing. The best business models are usually the most simple business models. The ones you can communicate, the ones you can actually evangelize. These are the ones that actually can bring people to follow you, right? So, avoid complexity? Your left brain kind of function, I'm this kind of person, I love to get underneath it - I love to get underneath the - to look underneath the hood, I want to tinker with the engine, right? Engineers love to tinker with the engine, am I right? You're the operating guy. You want to figure out how it works. You want to take a part and make it better usually, right? But there is another kind of entrepreneur, believe it or not, and most of them are sitting over the business school right now, right? And I would call them right-brain entrepreneurs. These are the people that will say, Ted, you know, seriously, you're spending all your time trying to figure this thing out, and you're just wasting your time, this isn't worth doing it, you don't do it. Why would you do that? I tend to enjoy this and I always disdain the term vulture capital because it suggests that money is evil.

Money is your tool; you should embrace that concept in order to make your ideas available, right? Make your ideas available. So, don't be afraid of money because money is ultimately the tool. Somebody wrote a piece in the Huffington Post and someone wrote a post responding to it and they said, you know, money is like manure, just spread it around, make things grow faster. Yeah, that is the point, you know, I can understand that. But I want you to just challenge yourself when you look at that and I find this with engineers a lot. When you look at that glass, how many of you see a glass half-empty? You see the potential of it, but you need - you see it half-empty. Can you raise your hand? How many of you see it half-empty? How many of you see half-full? You're optimistic, right? And what are you when you're building a great venture; you want to take advantage of the people who are both optimists and pessimists, individuals who can ask all the right questions. So, the people that raised their hands, saying I see it as a glass half-empty, they are the ones that are well of knowledge of what are the barriers you need to overcome to make it successful. You want a game-changing solution, find that opportunity. So, discovering that business model will allow you to soar over some of the key challenges, some of the key barriers and vet that opportunity.

Okay. So you bring your business model together, you balance it with your financial model. On top of your business model, your strategy, you attract leadership, the people that you would implement with your business model. The financial model you bring; the tools and implementation, all the assets you need to build your venture, right? Guess what? I also said that intersection that you can guess, it's a value-prop, right? That's a function of execution. These are the things you do after you are in motion, after innovation the market comes together. So, let's try to understand this as a system. It also occurs to me that entrepreneurs don't think, as we've learned from Sarasvati, strategically. They are very opportunistic. They start with an insight, they add to it an understanding of a customer, they try to understand how you can bring other people into the equation by

assembling people around the idea with leadership, and they see all the assets and bring it together, again, informed by the value-prop, right? That's how the entrepreneur usually starts. They don't think top-down, they think bottom-up.

So, let's bring it all together. The market, innovation and top of the market, the beachhead and top of the innovation, the insight, you have the business model, financial model, add to it leadership, add to the financial model your implementation, all structured around the guiding principle of the value-prop. Again back up in the 1980s - back in the 1980s, I used to have a shirt looks just like that, I'm surprised I am not wearing it still today. But that's the way I look at entrepreneurship. In many ways that this model actually captures many of the ways people approach entrepreneurship and that you have to integrate these elements into your thinking. Not everyone on your team, by the way, has everything on this picture. You have to build a team that fills out the full equation.