



Stanford eCorner

Technical and Management Debt

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January 27, 2016

Video URL: <http://ecorner.stanford.edu/videos/3742/Technical-and-Management-Debt>

Floodgate Co-Founder Mike Maples Jr. describes two types of conceptual debt that founders should avoid. One is technical debt, where a startup resolves a problem with a short-term fix that ultimately creates costlier issues in the future. The other is when a firm's management system is weak or non-existent at the start, and then fails the business when it scales up.



Transcript

Technical debt is sort of like when you make short-term, expedient decisions in the technology that sort cost you later. Maybe in order to ship something on time, you had to cut some corners, and the architecture wasn't as elegant as it could've been, or just the attention to detail or bug fixing maybe wasn't as good as it could've been. And so when I was a kid, there was this commercial-- Fram oil filters. And the guy would say, you could pay me now or you could pay me later. And so technical debt is sort of like when you put off some things that you have to solve later, but they cost you more money and time after the fact. And management debt is the same thing, but it's for lack of having management systems in place. And if you have too much management debt, if the company starts to take off and do really well, you don't have the internal capacity and wherewithal to scale to the speed that the opportunity might scale.