THE HOLOCAUST WARS PROJECT

SOME ADVANTAGES OF SMALL COMPANIES

Written By: Jacob Gostl and Jacob Sternberg

Some Advantages of Small Companies

Even though small organizations are typically underfunded and understaffed, there are several advantages to executing a project by a small talented organization over a large established one. To wit:

- The decision tree is much smaller, both in length and width. Most decisions are made quickly, often within hours, by no more than 2-3 people.

- Willingness to take risks. In a large organization, risks are so spread out that the path chosen is the least risky. Even selecting the most risk adverse path is time consuming. A small organization recognizes that the cost of indecision is often higher than an actual incorrect decision. Further, most small organizations are entrepreneurial, and they are better *and faster* at evaluating risks.

- There is no one to tell you that your idea is stupid just because it has never been tried before. Jacob Gostl is particularly fond of the statement made by Sully Sullenberger to the NTSB investigators. When told that what happened to his aircraft was “unprecedented”, he replied that “everything is unprecedented until the first time it happens.”

The following are just EXAMPLES:

- American Express – Their network was overloaded and wouldn’t be able to handle year end traffic (Remember that AMEX required verifying cards via telephone). They contracted with a small company to build a system to bypass the most congested parts of the network. After the *IBM specified hardware* arrived, it turned out that *due to a typographical error in the documentation*, the standard hardware wouldn’t do the job. IBM built an emergency hardware fix and the developers struggled with poor documentation to deal with the new hardware. The project was completed on time and on budget. A much more detailed and interesting story is told in Sternberg’s Business Book (“*The Ride on America’s Business Highway*”).

- ADP – ADP defined a high-performance message store and forward system handling 20% of all stock market communication traffic. The winning vendor recognized that current designs were thinking too small. Using the capabilities of emerging hardware, the small vendor came up with a design that seemed wasteful but actually was a fraction of the cost of its competitors (including IBM) and outperformed the other solutions.

- TransVirtual Systems (TVS) – TVS built a binary compatible software emulation of the legacy Wang Laboratories hardware. Even though the TVS solution costs 2-3% of the legacy solution, the owners of the Wang hardware/software would not allow TVS to operate the Wang software on TVS hardware. The reason given was one of those reasons that only accountants could love. “The product was totally written off and they couldn’t afford to make a profit on the new design.” The battle went back and forth with the Wang software owners refusing to allow their software to run on TVS hardware. The stalemate was broken when TVS said magic words, “IBM, Fujitsu, anti-trust.” In the following ten years both companies made immense profits thanks to the new hardware/software base. At one-point TVS, with only two technical employees, billed almost a half million dollars in one month.

The above could have been difficult to achieve in a typical large corporate structure.

Although the examples are technical, the lessons can be applied when studying implementation efforts that require difficult problem-solving savvy.

Many additional examples permeate the Knowledge Base (books, opinions, critiques, etc.) which PGC developed over two decades.