

# Kenneth Morse: Speaking from the heart

Although Ken Morse heads-up MIT's Entrepreneurship Center, he's far from an academic management guru. Morse has certainly earned the right to be different. He 'walked his talk' by launching five successful high-tech companies during an entrepreneurial career spanning 25 years prior to his arrival at MIT in 1996. If your preference is for a calm, relaxed working environment free from commercial pressure, look away now.

By Steven Keeping

Illustration: Storm Scott

"I believe that entrepreneurship is the rare, but necessary ingredient needed to coax technology from comfortable laboratories with plush carpets on a tortuous path to the cruel crucible of the global market place," says Morse. "Without passionate entrepreneurship, genius inventions are likely to languish and never achieve their full potential. People who say they don't want commercial pressure aren't going to be worth anything to an entrepreneur anyway and would be better off in academia. That said, all the decent researchers I know are not interested in having their inventions languishing in an ivory tower; they want them to see the light of day, to make a difference to the world."

#### Get out there and sell!

According to Morse, the most important factor in ensuring a product's success isn't how innovative it is, it's not down to a slick marketing campaign, nor the brand, or

even the price – it's the sales team. Being technically talented is not enough: you've got to be brilliant at focusing on what your customers really want and deliver it fast. "Think of the many examples where the company with inferior technology but a better sales force soundly defeated the company with the best technology," he explains. "Sales are more important than technology almost every time."

And that is a very important lesson for Europeans. "European start-up teams may be at a disadvantage when it comes to having the necessary passion for perfection and swift, seamless sales execution," explains Morse. "Unfortunately, there is definitely less of a recognition of the importance of sales relative to technology in Europe than in North America."

"Today's bright young European entrepreneurs were typically not raised to

think about the importance of the 'dirty business' of sales [unlike many of their North American peers]. They did not grow up running lemonade stands, going door-to-door selling girl-scout cookies, or having to fight to win a scholarship or place at their selected college by 'selling' themselves to the governing body."

Morse advises that there is no better way to find out what's going on in a market place than to go out and try to sell to a customer. For that matter, he adds there is no better way to get approval for funding of an innovative product than to go get a customer. "I have seen so-called managers debating the potential viability of a new project until the cows come home," he says. "The best way to break the impasse is to go find a customer and bring in a purchase order."

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#### Featherbeds hurt

This lack of sales experience is compounded by Europe's habit of featherbedding academic institutions. Morse believes university funding is too generous. "I have never heard of a European Professor having to make an 'elevator pitch' for his or her lab or get on an airplane to 'pass the tin cup'. Selling their capabilities in order to raise funds would probably sharpen up their game and give them something useful to pass on to students."

According to Axel Schmiegelow, CEO of Denkwerk Neue Medien Holding GmbH and Vice President German Multimedia Association, this skill is critical. He says: "The ability to quantify the customer's need, and to hit the key points with very few terms and sentences, is the most important competence for anyone and everyone who is responsible for marketing and the acquisition of customers. From our start-up stage, this important competence enabled us to become more profitable in the long run and to grow continuously."

And if you want to raise funding, you'd better make sure you can sell. "The number one thing investors look for in a management team is whether they have

done it before," notes Morse, "but the number one thing investors look for in a business plan is who will be the first ten customers." ➔



## Ken Morse: A man with a mission

Ken Morse is a serial entrepreneur, having played a key role in launching several high-tech start-ups, including 3Com Corporation, Aspen Technology, an expert systems company, and a biotech firm. Ken's 'batting average' is 0.833: five of his start-ups went public or were successfully merged; one was a complete disaster. Now, as head of the MIT Entrepreneurship Center (mission statement: 'to develop and nurture leaders who will make high-tech ventures successful'), Morse is responsible for inspiring, training, and coaching new generations of entrepreneurs from all parts of MIT. Ken has been profiled and quoted in numerous publications, including the Wall Street Journal, Financial Times, The Economist, and Red Herring.

Since Morse joined the MIT Entrepreneurship Center in 1996, the number of students taking Entrepreneurship Courses has increased from 220 to 1,500 per year while the number of professors and lecturers has grown from two to thirty. He has been an instructor in sales at the Munich Entrepreneur Academy for several years and has taught a global sales strategies workshop in several European cities, including Delft.

In September, Morse co-presented an Entrepreneurship and Innovation course at the High Tech Campus in Eindhoven with Henry Chesbrough from the UC Berkeley Haas School of Business. The course is designed to give delegates an insight into what it takes to succeed in today's cut-throat high-technology market.

Morse, an American, is a member of the Council on Foreign Relations, the Cercle Royal Gaulois Artistique & Littéraire (Brussels), and the Quissett Yacht Club. He speaks fluent French and some Chinese. When he is not helping young companies to succeed, Ken enjoys sailing his wooden boat with his family around Cape Cod.

Man of action: Ken Morse reinforces his lectures by referring to his own and others' real world experiences.



### Surviving the 'cruel crucible'

Nonetheless, the challenge of building new businesses, either inside large corporations or start-ups is getting tougher and more perilous with shortening time-to-market cycles, more complex products, increasing customer expectations and sharper competitors. Many new products that might have succeeded 5 years ago, will sink without trace today. However, Morse says failure shouldn't discourage an entrepreneur, it should simply be treated as a learning experience, a rite of passage: "In Silicon Valley, honest bankruptcy is like a dueling scar earned in a Prussian officers' mess. People who don't fail from time-to-time are not pushing the envelope," says Morse, "and groups who gravitate towards the lowest common denominator are working inadvertently to assure the early death of their organization."

### The pressure is on

Large high-tech companies don't really have a choice but to adopt entrepreneurial principles or die. Philips has successfully adapted in the past and its move towards an entrepreneurial and innovative culture is just the latest step in a long evolution. While some large high-tech companies are still likened to dinosaurs, Philips has seen the meteorite coming and is changing before it strikes. But the pressure is still there.

"The problem of innovation must be taken seriously," explains Morse. "It used to be that the Chinese and the Indians only wanted to eat our lunch; now they want our jobs and they fully understand that low-cost manufacturing is only the first step. They are now focused on stimulating innovation as a matter of national policy."

To compete, European companies need to learn quickly that a large conglomerate is far from the ideal environment to foster entrepreneurship. Speaking at the annual MIT Venture Capital Conference in 2002, keynote speaker Professor Robert Langer of successful biotech start-up Langer Labs was speaking about why large firms were poor at commercializing university intellectual property (IP). He said: "It never works well with big companies. They focus their energy on showing why the new technology won't work. I always prefer to start a new company [with the] focus, energy and commitment [to make the technology work]."

What's needed for a large firm is to create the small company environment, with passionate individuals taking a stake in that company's success. The Philips Incubators are dedicated to doing just this by nurturing and developing innovative new technologies in the early part of their commercial lifecycle.

Philips Research established 3 incubators and allied with US/UK venture capitalists New Venture Partners (NVP). The Philips Lifestyle incubator is already home to Entertaible, which is due to launch its Game Center commercially in 2007. Liquavista, a high-tech fledgling spin-out reflective display company, based on Philips Research technology, was brought up under the wings of NVP developing rapidly into a sizable venture.

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Johan Feenstra, Liquavista's Technology Platform Director has risked much by taking a stake in the business. "You need to be brave and willing to embark on a relatively unknown professional journey," he explains. "And while high-tech start-ups may be fairly normal on the US East or West coasts, it has to be said that they are a bit unusual in Holland." [PW](#)



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