



Stanford eCorner

Technology Benefits from Operations

Thomas Prescott, *Align Technology*

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Despite being a self-professed failure as an entrepreneur, Thomas Prescott, CEO of med-tech firm Align Technology, points out the value of having a solid operations person at a growing start-up. According to Prescott, first-to-market entrepreneurs face great challenges to capture market share, and an effective operator can help build healthy growth.



Transcript

The second thing is I'm a failed entrepreneur. The only company I've ever started up failed. And remember, they always fire the sales and marketing guy first. That was me. So, we did a company back in 1985, '86, for early optical disc storage and applications on a factory floor. I had to come out of factory automation. And it was a great idea until we had one customer doing a pilot project. They were called GM. And if you ever do your history, that was the end of Roger Smith. So, GM got a cold.

Auto suppliers got pneumonia or died. And you? Yes, the answer is yes, we died. We didn't go. So, as I looked around at potential entrepreneurs and tipped my hat to entrepreneurs, many of them failed in many things. And so, I don't know whether you read Thomas Edison or somebody else, whether it's experiments or anything else, there is more failure than there is success. But failure is an outcome and you learn a lot from it. So, with that kind of full disclosure about me personally, I've had the pleasure of coming in and working with, coming in behind and working alongside multiple founders. And in most every case I've had enduring great relationships with founders. And Steve and I were talking briefly, what's the difference between an operating hack like me and a true entrepreneur. And the answer is a few things.

One, it's life experience and skills. And then, two, I might pursue a big bet as an operating type. And I would have plans and a rationale for doing that. But I'm not as likely to go after a wild, crazy idea that's totally disruptive. And so, once somebody does that, maybe they can't scale that business or it's not growing fast enough or there is some other problems. And somebody like me can be a good complement to that. It's not often that a great entrepreneur can be a great operating personnel. There are exceptions. But I have the greatest admiration for the true entrepreneurs that have figured out a way to create something truly disruptive. The challenges, how many of those companies that have created this new thing, this new segment, whether it's in social media, how many of you early movers there really got to gain it? Facebook certainly won.

But in looking at any new space where somebody has come up with a disruptive new idea or new technology, how many of those early movers really got a chance to capture most of the profit from that new space? So, how many had MP3 players before you had your iPhones or iTunes or things like that? What happened to all those guys? See, Apple thought of something completely better, bigger, more complete. We never knew we needed that until they did. We never knew we needed the iPhone and all the apps ecosystem before we did that. But the original players in many spaces don't get to capture all of the profit. And so, young companies that go through startups have great opportunities to go, not only innovate but then you got to race to try and continue that innovation cycle and start to scale your business. So you have a chance of actually creating business success.