

URL: <https://stvp.stanford.edu/clips/no-patience-for-profitability>

Before you create a revolution via a business launch, have an idea of how you're going to build an enterprise and capture profit, says Thomas Prescott, CEO of Align Technology. He quotes Clayton Christensen who advises entrepreneurs to, "Be patient for growth; don't be patient for profitability." Know from the onset how the company can be scaled and how it will be exited. Prescott says this is the difference between a company with longevity and one with simply an interesting product.



## Transcript

We have been working very hard on evolving and scaling this business.. But we wouldn't have had the opportunity to do that if it wasn't for that crazy idea that most every venture capital-type up and down Sand Hill Road said no to.. Kleiner-Perkins wound up funding it.. But if they hadn't said, "Yes, we're willing to bet on this crazy idea," we never would have had the opportunity to evolve and create this great story and would have been one more idea never acted on.. So, you're sitting here in the absolute cradle of entrepreneurship and innovation.. I'd say go do something, go create that revolution in your own minds.. Before you do that though, think about, even as you start, you can plan ahead to make sure that when you pioneer that space, when you create that opportunity, how are you going to figure out with your friends, your partners, your employees to be able to capture the opportunity that means.. Or are you going to be the first blip that somebody else owns the space on? So, think not just about how you're going to create the revolution but how you're going to build a real business to capture that profit.. And one organizing principle today, and I'm a fan of Clayton Christiansen, you see it in reality today.. He says, "Be patient for growth..

Don't be patient for profitability." That's a really interesting idea.. And that has flipped on its head from what we've talked about in 1997, '98, when funding was available.. In fact, then it was, "Go for eyeballs, pour money on it and run hard and get your turf like the Great Land Rush back in the 1800." Today, I think you have the opportunity to say, "How do I create a real business? Is there a real business model here or is it just an idea that I have to pour cash into?" So, have the end in mind.. Think about how you would scale this business and turn it into a real company.. And sometimes it wouldn't be a real company.. Maybe it's just an interesting product, all right?..