

March 18, 2004, Thursday

BUSINESS/FINANCIAL DESK

## **SMALL BUSINESS; Learning Entrepreneurship The U.S. Way at M.I.T.**

By MARCI ALBOHER NUSBAUM (NYT) 1382 words

During a crash course in American-style entrepreneurship, Marie-Louise Huber, a 26-year-old British biochemist, spotted business opportunity in an unlikely place: virginity.

The virginity of fruit flies, to be precise. Ms. Huber says technology that one of her start-ups has developed can prevent newborns from copulating with their siblings, a natural occurrence in the insect world, and thereby speed laboratory research.

"When you breed fruit flies, you have to watch the females hatch, and as soon as they do you have to pick them out, separating the newborns and segregating them by gender so that they don't reproduce with their siblings," she said. Researchers want virginal flies so they can control all breeding. "We have a technology for keeping fruit flies virginal which would save scientists an awful lot of time, money and boredom in the lab," she said.

This kind of thinking is exactly what the British government had in mind when it spent \$118 million on a partnership of Cambridge University and the Massachusetts Institute of Technology. The resulting entity, the Cambridge-M.I.T. Institute, offers three one-year graduate programs (with three additional ones to begin in October) with the aim to cultivate Britain's future technology entrepreneurs, create jobs and spur growth in the British technology sector.

The inspiration for these programs, which began in 2002, was what might be called the M.I.T. touch, the phenomenal impact M.I.T. has had on the United States economy through the creation of technology-related companies by its alumni. According to a report by BankBoston in 1997, the roughly 4,000 companies founded by M.I.T. alumni and faculty members had created 1.1 million jobs and generated annual sales of \$232 billion worldwide. And that was seven years ago.

Importing entrepreneurship is tricky in a country that is not generally known for turning scientific discoveries into commercial products. "Britain has no shortage of scientists of the highest quality," said Paul Klingenstein, the general partner of Aberdare Ventures, a venture capital firm in San Francisco that invests in new health care companies. "Ironically, that has been the basis of many commercial enterprises here. But both capital and entrepreneurs gravitate to places where there is less resistance to new enterprise. That is why you see hubs of biotechnology innovation in places like Cambridge, Mass.; San Diego; and San Francisco."

And, increasingly in Cambridge, England. After working as a consultant at McKinsey & Company in London and then in charge of business development for Zingy Inc., a start-up in cellphone technology in New York, Ms. Huber decided she was destined to run a company for herself. Her responsibilities at Zingy were as varied as recording a voice mail message instructing customers how to change their ring tones to preparing presentations for potential investors.

"I loved the entrepreneur thing, but I don't really care about ring tones," she said. Then she heard about the Cambridge University-M.I.T. partnership, and specifically a master's degree in bioscience enterprises intended to train leaders in biopharmaceutical industries. Having studied biochemistry in college and wanting to start a business, she enrolled.

"She was the model student," said Dr. Frank Landsberger, a professor in the program who has spent many years working in biotechnology as a scientist, entrepreneur and investor.

Ms. Huber completed her degree last spring with 14 other students and is now focused on getting two unrelated ventures off the ground. Cambridge Laboratories, which she started with four Cambridge doctoral students, is doing the research on fruit flies, which are commonly used as genetic models for scientific experiments. The other is a drug-discovery company based on research by a top New York City hospital, which she declined to identify.

In one of Dr. Landsberger's classes, students visit biotechnology companies in three countries -- Germany, the least entrepreneurial, in Dr. Landsberger's view; the United States, the most entrepreneurial; and Britain, which falls in the middle of the risk-taking spectrum -- to compare factors in business start-ups like the availability of venture capital, labor laws, government regulations and cultural attitudes.

While Britain is making strides in building its biotechnology sector, it has plenty of room to grow, industry analysts say. For example, there were 194 venture-financing efforts that raised \$3.4 billion in the United States last year in the biopharmaceutical sector, which includes drug-discovery, drug delivery, pharmaceutical and biotechnology companies, compared with 29 efforts that raised \$263 million in Britain, according to Amity G. Wall, manager of research for the VentureOne Corporation in San Francisco.

Cultural attitudes help explain the gap. "Being an entrepreneur is risking falling on your face again and again," Dr. Landsberger said. "In Continental Europe, failure is an indelible blot on one's career. In the U.S. it isn't. But England is starting to look more like the U.S. than Europe. Over the last decade or two, particularly among young people, a willingness to take risks in one's career has sharpened significantly."

Nora Szasz, 27, is another student at the Cambridge-M.I.T. Institute, known as C.M.I. "We believe we have the technology to detect genetic disorders from a simple blood test that would replace amniocentesis," said Dr. Szasz, who has filed a patent application and is working with faculty members at Cambridge on the company.

Dr. Szasz, who was raised in Hungary by parents who own a biotechnology business, and who holds a doctorate in biological engineering from M.I.T., has taken part at C.M.I. in "the analysts club," a class led by Professor Landsberger. He gives students free rein to take over the discussion, however, she says.

"We split into groups and do a report on a particular company, figuring out what it's about, whether it has a future and what we would change," she said. While such an approach is standard fare at American business schools, she says, it is uncommon for Cambridge.

On the other hand, the United States has its own drawbacks, in her view. "M.I.T. was push, push, push to get assignments out the door," she said. "I learned a lot, but I had no time except for what was on my plate at the moment." At Cambridge, by contrast, she said, she found "the mental space to come up with the theory for my patent application."

When asked where she planned to start her company, her answer revealed one of Britain's biggest challenges in nurturing businesses. "We will certainly kick it off here, because this is where the research and development is," she said. "But the U.S. is our biggest target market."

Another lesson entrepreneurs-in-training have to learn about the biotechnology business is that the path to success is tortuously long, requiring years of medical trials and successive rounds of fund-raising before even the hope of financial returns materializes. Anne-Marie Corner, president and chief executive of Biosyn Inc., a pharmaceutical company in Huntington Valley, Pa., said the time between a laboratory breakthrough and the introduction of a product is typically a decade or longer.

Today, Biosyn has three AIDS prevention drugs in development and is enrolling thousands of women in large scale drug trials. "We had one drug put into clinical trials, had some setbacks and then found a better drug," she said. Even so, "we are not yet generating revenues, but we are considered a leader in the development of AIDS prevention drugs."

Ms. Huber says she is aware of the challenges. "There is a huge amount of luck involved," she said. "But if you miss the mark in drug discovery you can at least feel as if you put your life to some good purpose."

**CAPTIONS:** Photo: Marie-Louise Huber started Cambridge Laboratories after finishing a program that trains entrepreneurs. (Photo by Brian Palmer/The New York Times)

---

**Copyright 2003 The New York Times Company**

Source: <http://query.nytimes.com/gst/abstract.html?res=F3061FFC39550C7B8DDDA0894DC404482>