Venture capitalist Promod Haque '83 had a moment a few years ago that reaffirmed his understanding that consumer appeal is the key to successful product innovation.

Haque relayed a story about an executive, who was an engineer, who asked when a product-management executive would be hired by one of the companies in which Haque was investing. The engineer’s reasoning behind the request was that he can build anything, but he needed the product to be defined because “a product is useless if nobody wants it.”

“The mistakes we’ve made in funding start-ups (have occurred when) we get excited engineers working together and thinking they understand all the needs of the world. They build something but no one wants it,” said Haque, a managing partner at Norwest Venture Partners. “They didn’t go over a product concept with anyone; they’ve been working in a vacuum. They weren’t talking to the customers.”

Speaking with Interim Kellogg School Dean Sunil Chopra in a question-and-answer format, Haque addressed the future of the venture capital industry in a March 11 Kellogg Distinguished Lecture at Northwestern University.

In addition to his Kellogg education, Haque is a Northwestern engineering alumnus who has been recognized as a top dealmaker on the annual Forbes Midas List for the last nine years and was named No. 1 Venture Capitalist by Forbes in 2004.

To stay ahead, Norwest Venture Partners diversifies its investments — both geographically and by sector. It invests in companies from China to Israel, as well as in firms specializing in software applications to consumer-focused services. Another area the company invests in is growth equity companies — firms that have been in business for a few years and need capital for expansion.

Cloud computing and startups in developing countries are other areas that venture capitalists are moving toward as well, Haque said.

“Customers don’t buy technology because it’s a cool thing to do; these products have to deliver value,” he said.

The Kellogg Distinguished Lecture Series features preeminent thought leaders from the worlds of academia, journalism and business. Speakers in the 2009-2010 series have included New York University professor and game theory expert Bruce Bueno de Mesquita; New York Times reporter Andrew Ross Sorkin; New York Times columnist Gail Collins; and Donald Kohn, vice chairman of the Federal Reserve Board of Governors.

Upcoming speakers include Jean-Claude Trichet, president of the European Central Bank (April 27) and Simon Johnson, an author, columnist and professor of entrepreneurship at...
the Massachusetts Institute of Technology (May 20).

Kellogg Distinguished Lecture Series: Promod Haque ’83: The venture capitalist talks ab...