

University Leadership Alignment and Entrepreneurial Commitment: *A Critical Step in Solving the Commercialization Efficiency Problem*

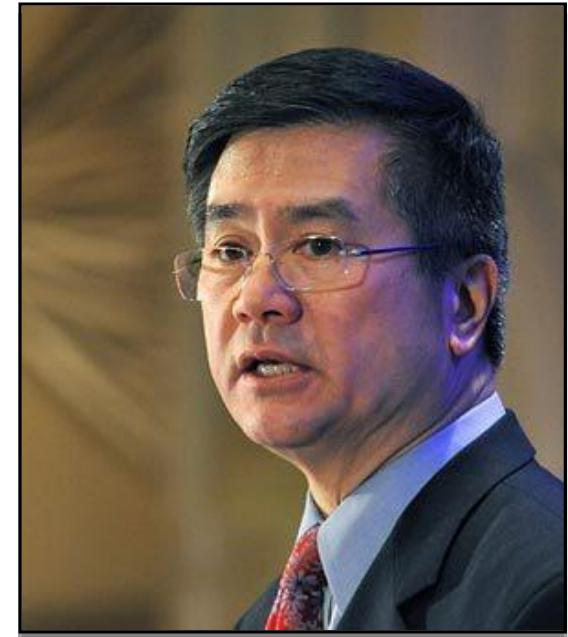
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A Call to Evaluate University Commercialization Efficiency

Last year, United States Secretary of Commerce Gary Locke, referring to university commercialization, stated the following:

"it's hard to escape the conclusion that America's innovation ecosystem isn't as efficient or as effective as it needs to be. Too often, we fail to:

- *Create the right incentives or allocate enough resources to generate new ideas;*
- *Develop those ideas with focused research;*
- *And turn them into businesses that can create good jobs."*



Source: The Seattle Times, 7 Mar 2011.

Why is it Difficult?

- The merging of two very different cultures
 - Individual contributor vs. group activity
 - Non-milestone vs. results driven funding
 - Scientific inquiry vs. market driven companies
- Both cultures have often asked the other to change
 - There is value in understanding where the two cultures have to touch and building those bridges
 - Harder to do in non-geographically privileged areas-where many universities are located
- University Leadership challenged on every front
 - Always hard to change culture-harder in tough times



Source: Innovative Investors.

A University's Capacity to Innovate

Universities can leverage valuable assets:

- Intellectual capacity to create disruptive technologies
- Access to non-dilutive capital (including SBIR, STTR)
- Ability to impact national policy
- University has a broad definition of innovation and understanding that great challenges require associative thinking across disciplines

A University's Capacity to Innovate

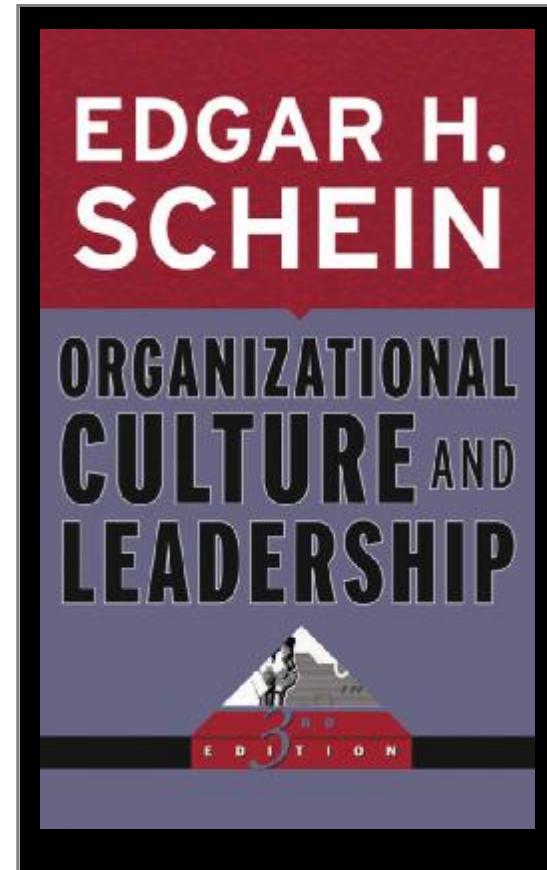
Universities can have a high innovation capacity when:

- Senior leaders have a high degree of alignment and a visible, dedicated level of commitment to technology commercialization – “research to business”
 - Fast decision making supports a culture shift
- University is an advocate that wealth creation is a part of knowledge dissemination
 - Critical for the University in the 21st century

Understanding the Forces Behind the Desired Shift

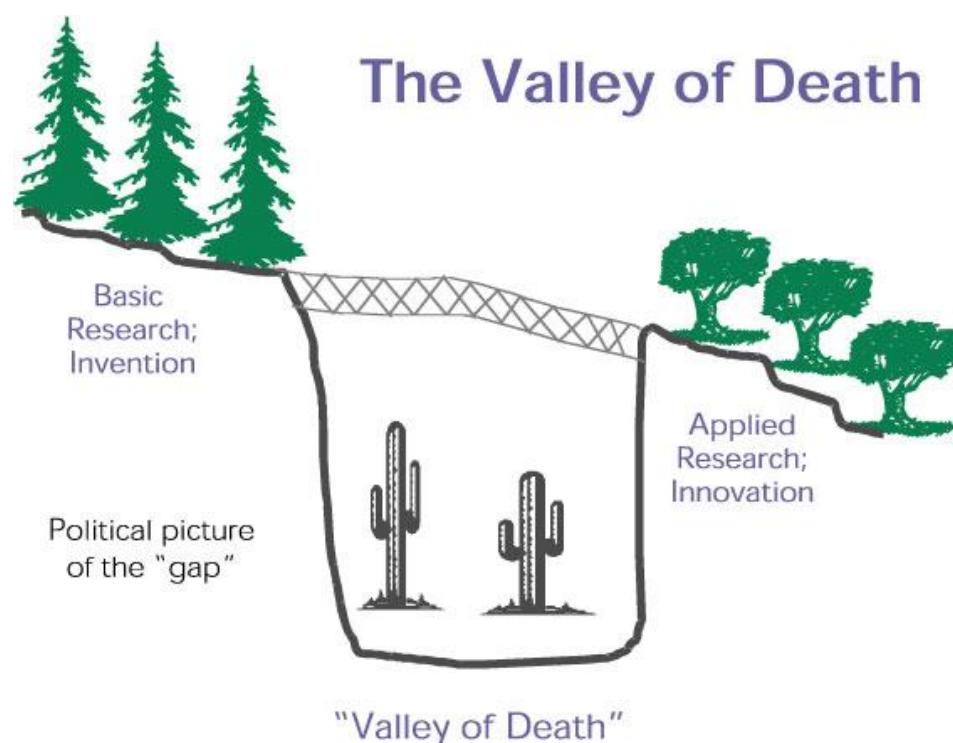
“If the pace of culture change is to be increased, systematic planned change projects...must be launched.”

“Culture change inevitably involves unlearning as well as relearning and is therefore, by definition, transformative.”



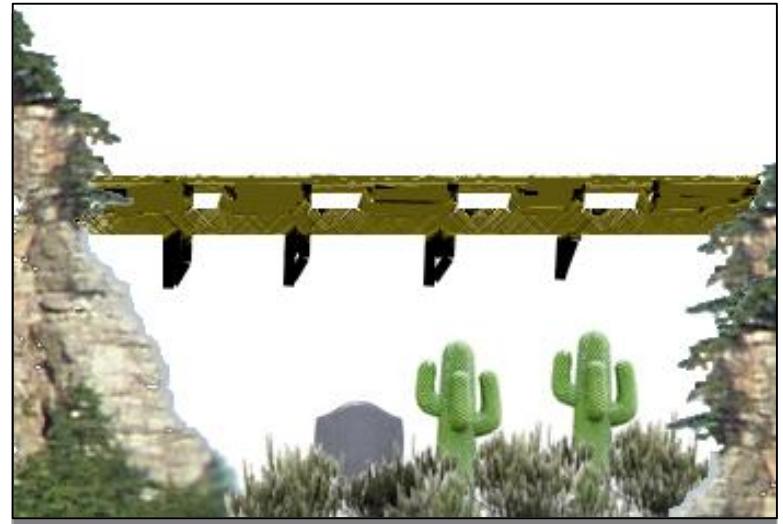
Transformative Univ. Leadership- Asking a Different Question

The “Valley of Death” is well documented but why is it so hard to for the university to solve?



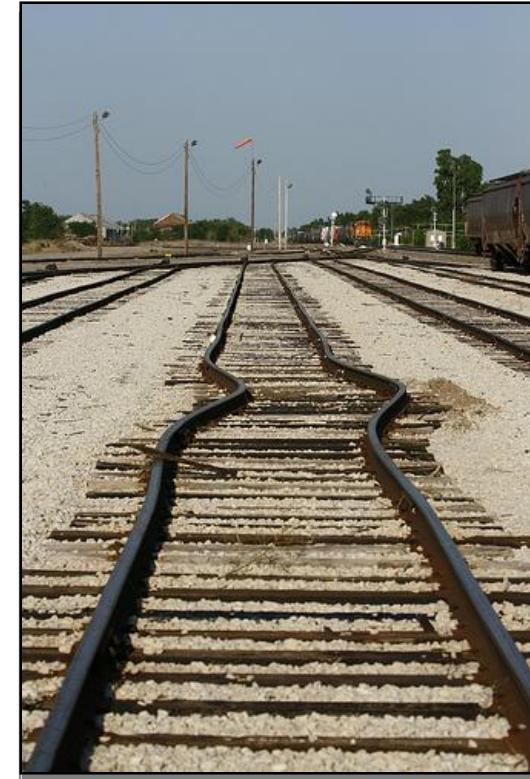
Transformative Univ. Leadership- Asking a Different Question

- Perhaps, we are missing the trap doors over that valley, which impede crossing over it.
- Universities need to have strong leadership alignment and commitment to dedicate resources to *revealing* common and unique trap doors in their environment
 - Common: team strength, market timing/size, technical feasibility, financial incentive
 - Unique: geography, access to partners, speed of information etc.



When University Leadership is Not Aligned

- Members of the ecosystem can protect their franchise but can't create change or high impact results
- Lack the ability to leverage SBIR and related programs
- Create the building blocks of a house but without the architect or general contractor
- Waste time and capital, harder to recruit and retain good talent
- Doing business is hard



Summary of Major Benefits of University Alignment

- One-neck-to-strangle
- Ability to uncover trap doors and can do something about it
- Dramatic signal to internal and external environments that commercialization is important
- Ability to make difficult decisions, communicate them and stick with it when the going gets tough
- Increases capital efficiency
- Enables nexus between university and all the transactional stakeholders

Other Efficiency Problems that Need to be Addressed

The public/private commercialization gap is increasing (research being done at the Carnegie Mellon, EPP program)

- Private universities receive over 58% more in annual licensing revenues than public universities
 - Suggests an evaluation of commercialization efficiency and resource at public institutions

Conclusion

- Universities are beginning to realize they have a critical problem with their commercialization approaches
- While SBIR and STTR substantially benefit startup success to achieve their full potential, these awards need to be coupled with culture change at the universities
- University leadership alignment and commitment are integral to shifting the culture and revealing hidden trap doors over the valley of death

Thank You

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