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A Civics Lesson for Corporations Seeking to Join a University Community of Innovation

Randall S. Wright

Civics, according to Merriam-Webster (2023), is "a social science dealing with the rights and duties of citizens."

We've reached an inflection point.

The headline of the July 2023 edition of *University-Industry Engagement Advisor* (Lewis 2023) reads "Before signing off on strategic partnerships, experts stress value of solid due diligence process."

Honestly, I've never before seen an article like this published by the University Industry Demonstration Partnership (UIDP), publisher of the *University-Industry Engagement Advisor*. Most articles published over the years in the Advisor are accounts touting successful relationships created by universities with industry "partners." And most articles relay how universities have adapted to being more business-friendly with companies.

But this article, I believe, marks a watershed in university-industry relations: it admonishes universities to do due diligence on prospective industry research sponsors to make certain they don't turn out to be a problem. The quoted comments of Paul Nkansah, senior director of corporate partnerships at Johns Hopkins University, in the article are illustrative of its tone: "Number one, risk assessment—trying to protect the reputation of our university. You also want to make sure you're complying with federal and state laws. And third, [you must determine] whether this is a collaboration worth pursuing" (Lewis 2023).

This is something new: the university that can say no.

In the same article, under the heading "Watch out for red flags," Derek Newton, University of Toronto's assistant vice president for innovation, partnerships, and entrepreneurship, cautions against moving forward with companies that treat the university like a contract research organization. Josh Robinson, a professor of materials science at Penn State University warns, "It quite often becomes relatively clear early on whether there will be a good mix based on personalities," and "[If] they're just difficult people to work with, that ends up not being quite as fruitful a path." Penn State's Priya Baboo, senior director of corporate and industry engagement, states flatly, "Not knowing the amount [of company financial support] is a very important red flag. When an organization says, 'I do not have the funds to support this partnership, but I'm interested,' then it's a disconnect—clearly not where you want to be."

The article concludes, "In the end, the question is, 'How can we create value for each institution?' Baboo summarizes. 'You want to work together as a team. With that approach, you'll be successful.'"

Teamwork is important. Yet over the years, the primary challenge to teamwork that I have witnessed is businesspeople coming into a university thinking they're dealing with a supplier organization—a B2B relationship—when they're instead entering into a relationship with a community. Many seem unaware of the fact that it's precisely because a university is a community that it produces scientific and technological breakthroughs. Were it to be organized otherwise, there would be no advances of any kind. This is because, unique among all other forms of organization, a community fosters discourse among its members—and discourse is the essentially necessary element that makes innovation possible.

To help, here is a civics lesson for corporations seeking to enter a university community of innovation.

Visit the University First Before Making Too Many Decisions

Corporate representatives often assume they'll make a well-attended presentation about their firm to an assemblage of faculty members who will then ponder, debate, and discuss the firm's prospects at length and then put forward helpful ideas and profitable proposals for the firm's consideration. But in a firm doing so, it is also, both explicitly

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and implicitly, deciding the rights (mostly the firm's rights) and responsibilities (mostly those of the university) of all concerned. Before deciding how your firm will work with the university, it's better to first visit it bearing in mind several points.

You're Not the Only Firm in the Community

I'm sometimes struck by how some firms seek exclusive rights as if they were the only firm ever to engage a university. For example, some expect the university to sign a broad non-disclosure agreement (NDA) before any discussions with faculty members—something no university will do; NDAs shut down the university's free and open discourse on campus, thereby undermining its mission to advance knowledge. These firms never seem to consider that if a university had extended the same exclusive rights to other firms, then they would not be having any discussions with faculty members: a few firms would dominate the university-industry discourse, and would—well in advance of other firms showing up—have laid a minefield of NDAs restricting faculty members from other external engagement. For some firms, the idea of a *strategic* relationship isn't one that *contributes to the firm's strategy*; instead, it's a *captive resource unavailable to others*, like a *strategic oil reserve*. No university can afford to compromise its mission by getting mixed up in a strategic partnership that grants exclusionary rights to one firm.

Hold Off on the Needs List

Firms sometimes create a "needs list" before visiting a university. The objective is to shop the university for ideas and expertise to meet the needs on the list. Often, however, many firms are not in a position to formulate their real needs on their own because their knowledge of what's new may be confined to areas within the scope of their current business and by their employees' breadth of expertise and knowledge; and firms sometimes see needs as solving specific engineering problems for themselves or their customers. They may not see needs as the acquisition of new platform capability. It's the latter that constitutes true strategic capability to grow and sustain the firm. This is also what universities do—create new platform knowledge and its related technology. This is why universities are the birthplace of many new companies. I advise firms to hold off on their needs list, find out what faculty members and researchers are doing, and then review and revise their needs with a focus on new strategic capabilities—not necessarily specific engineering problems.

To Join the Community, You Must Be a Contributor

Being a member of a community is about give and take. But for some, it's mostly about take. To be accepted by the university community, and benefit from being part of its discourse, a firm must be a contributor, not just a taker. For example, sometimes company representatives will only ask questions of faculty members. But an interrogation is not a conversation. Equally, a meeting with a faculty member should not turn into a therapy session to get counseling on corporate matters. Ask yourself, "What insights, experience, and knowledge are we contributing to the discourse of the university community?" At the same time, if you're hoping to get continual updates on a faculty member's research, then you should be looking at supporting their work.

A University Is Neither the Public Library Nor the Agricultural Extension Service

Some firms see a relationship with a university along the lines of the public library or a university agricultural extension service. They see themselves entitled to free information and consulting services, not only because they think taxpayers are paying for them, but because they believe the university is obliged to provide them as a public service. Corporate discussions with faculty members are not paid for by tax dollars. A university is not obliged by its mission or charter to help out any business for free as a matter of public interest. Talk is not cheap. It takes significant resources for a university to establish and maintain relationships with firms. Corporate membership fees help to cover these costs.

Make Sure You Have a Budget Before You Ask for a Proposal

Developing and writing a research proposal is a thought-and-time-consuming undertaking for a faculty member. It's a document that sets out the topic, justification, and methodology of an investigation. It's not a work estimate like that for a construction project. It's assumed that by requesting a research proposal, the firm has decided to move forward with sponsoring the work. Asking a faculty member to prepare a research proposal when you don't have a budget is like asking an attorney to prepare a case but then saying you'll consider hiring them when you decide to go to court. A proposal is not a pro bono freebie or a sales proposal. Never shop a proposal with another university. That is considered unethical behavior by the university community. Bad news travels fast and will cause the firm to be ostracized by the community.

Universities Have Far More Experience Negotiating Agreements than You Do

How many contracts does, say, a Fortune 500 firm sign off on with universities in a year? I don't know the answer to that one, but I can tell you that in any given year, a major research university has hundreds of research awards from corporate sponsors in place. That's surely more negotiated research agreements than that for any single firm no matter the size. What that means is that the university has much more experience negotiating terms of research agreements than any corporation. Still, some firms' representatives trot out hackneyed stratagems like telling the university, "We have a huge budget to spend, but we can't work with you unless you make IP [intellectual property] concessions." Right. They just want IP concessions—there's no huge budget. Or "We could be doing a lot of work together, but we'd need a small project to convince our management." No. They just want to do a small project.

Put aside the stratagems. Universities have heard them all before.

If You Hire a Student, Then You Should Replace a Student

In a recent op-ed published in the *New York Times*, Angel B. Perez (2023), chief executive for National Association for College Admission Counseling, notes the following:

> I've been traveling the country speaking to corporate executives about seismic shifts in higher education: a demographic cliff, decreased state funding, ever-rising tuition and a recent poll showing that over half of Americans don't believe college is worth the cost. And, of course, the Supreme Court's decision on affirmative action, which was handed down on Thursday, banning the use of race in college admissions.
>
> If you haven't connected the dots for how this will affect your organizations, it's time to wake up, I have been warning them. For decades, companies in America have relied on colleges and universities to deliver a diverse and well-prepared work force. That gravy train is officially over.
>
> The executives often express shock. Recently, a leader at a Fortune 500 company wanted to know—as many others have asked—what higher education was going to do about it.
>
> The real question, I told her, is: What are you going to do about it?

Perez continues:

> But creating that labor pool—taking people from wildly different backgrounds and circumstances and turning them all into polished graduates with comparable skills—is tremendously hard, expensive work. Most corporations that reap the benefits contribute almost nothing to the effort. They sit back and wait, content to let the nation's colleges and universities scout and nurture that talent.

Perez believes corporations must begin to shoulder a larger burden of support for the educations of young people they ultimately wish to hire. I agree. I would ask that corporations see higher education the way a natural resource company sees its tracts of forests: when they harvest a tree, they plant a tree. Equally, firms should do the same; replace the students they hire. As community members, firms should take responsibility to sustain the community, and not just clear-cut the forest of upcoming graduates if they wish to continue to prosper by hiring more of them.

No one is happy when the conquistadors show up. Keep an eye on overly zealous lawyers, overreaching marketing people—no, you can't use the university's name to promote your company and its products—bargain-hunting procurement managers, and overly risk-avoiding financial managers. They don't always make good citizens. University communities of innovation are centers of prosperity. Good citizens share in the prosperity.

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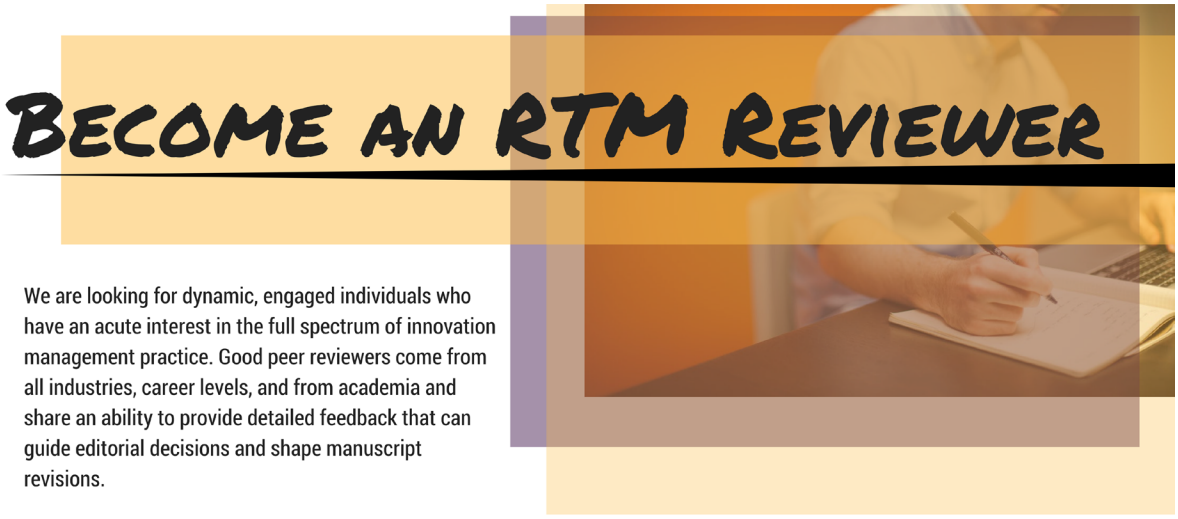

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