

PAPER FOR WORKSHOP SESSION "Collaboration between SMEs and Higher Education Institutions, when will we finally close the gap?" (Paper reference number 18)

Paper Title: Getting into the mind-set of a company- a roadmap

Introduction

What universities should do to encourage spin-outs and licensing arrangements calls for a rethink on how universities view and communicate with the 'business world'. There is no lack of desire or plans within universities to commercialise their research – everyone wants to do it, but why does the so-called European paradox (failure to translate scientific advances into marketable innovations) still exist? This workshop explores the mind-set of the small business owner/manager in the context of barriers to knowledge transfer and details a 'Structured Roadmap' that researchers can easily follow to better develop and implement successful collaboration projects with industry partners.

The Business case for Understanding the Business Owner mind-set

Barriers to Collaboration

- Knowledge & technology transfer, licensing and the resulting product developments are complex processes. Partners often get discouraged by the complexity and perceived lack of understanding of each other's motivations and impulses. Managing different – and often competing - university and business cultures is frequently at the heart of these difficulties. Barriers to co-operation need to be understood in order to be abolished, and this workshop presents a roadmap to assist in breaking down these barriers to provide the encouragement and support that researchers need to develop successful collaborations with commercial companies.

Collaboration – With Whom?

- The commercial business world is divided into large and small companies. The European Union defines Small to Medium size Enterprises (SMEs) as those companies with up to 250 employees. SMEs are important for Europe. These enterprises account for a significant amount of European work experience and economic activity. Furthermore, SMEs make an important contribution to the dynamism and innovative performance of an economy, thus enhancing economic growth especially in the medium and long term. The EU non-financial business economy counts over 20 million enterprises, over 99% of which are SMEs. Between 2002 and 2007, the number of SMEs has increased by over 2 million, the number of large enterprise by only 2,000. In this way, SMEs have contributed significantly to job growth in the EU. It is therefore vital that Universities understand the mind-set of the owner/managers of these small enterprises. Large universities typically have excellent and long-standing relationships with large corporate clients – think Airbus, Niokia, Siemens etc. – but have little experience dealing with smaller players. The motivations, needs, modus operandi and success criteria of SMEs are considerably different to those of a large corporate client. At the most basic level when working with an SME the university may be dealing with the owner/founder of the company, as opposed to a paid employee.

As the European Paradox suggests, investments in knowledge (human capital, research & development, universities & creativity) is no panacea for curing stagnant economic growth and persistent levels of high unemployment. Rather, mechanisms are needed to ensure that such costly investments in new knowledge, which form the basis for economic growth in a globalised economy, actually spill over for commercialisation and innovative activity. By serving as a key conduit for the spill-over of knowledge, SMEs provide an important link to economic growth. There is considerable empirical evidence linking SMEs to economic growth, (Carree, van Stel, Thurik and Wennekers -2002) & Thurik et al. (2008).

The Way Forward

- A key element within the 2006 Commission Communication "Delivering on the Modernisation Agenda for Universities: Education, Research and Innovation" was that universities should develop structured partnerships with the world of enterprise in order to "become significant players in the economy, able to respond better and faster to the demands of the market and to develop partnerships which harness scientific and technological knowledge". This workshop takes this suggestion on board and addresses a key weakness within universities – the understanding of the motivations and modus operandi of the small business owner – that is holding the university sector back from successful collaboration. The aim of this workshop is clear - to educate the University researcher about what makes a small business owner 'tick' and consequently assist with the breaking down of barriers to allow universities to find outlets for current and previous research, making them more responsive to current market needs.

Methodology Used

The workshop will look at the world of the small business manager, and help the university researcher to understand the mind-set. The following headings will be investigated:

Operations:

- Many SMEs have very limited capital, human or financial.
- Time is literally money – 6 months is forever
- Outside pressures can shipwreck an SME (e.g. bank, reliance on single customer/product)
- Owner/manager is often multi-tasking – is finance director, marketer, researcher.....
- Operate in an extremely competitive environment
- Often obsessed about protecting IPR
- Usually strong connection to particular region – may be culturally constrained
- Financial benefit is the key driver
- Increasingly return has to be within a timeframe that an SME can justify to banks and investors

The Entrepreneurial mind-set:

- Entrepreneurs can be intimidated by legalese
- Entrepreneurs hate bureaucracy!
- Entrepreneurs are impatient
- Entrepreneurs are very pragmatic
- Entrepreneurs can handle disappointment
- Entrepreneurs value honesty
- Entrepreneurs have an intuition for what has commercial potential and what hasn't
- Entrepreneurs want to make decisions quickly
- Entrepreneurs like to be agile – prepared to change direction
- Entrepreneurs are prepared to embrace new ideas but only if the benefits are obvious

Intellectual property (IPR) and the Small business

- Sometimes difficult to get an entrepreneur to open up and share ideas (Crown Jewels)
- Building a trusting relationship is essential – entrepreneurs need to be reassured that they will benefit
- Entrepreneurs are not generally people who readily share
- Small business owners are easily spooked
- Entrepreneurs are turned off by weighty confidentiality agreements
- Entrepreneurs tend to suspect agreements favour the University to the detriment of the SME.
- Entrepreneurs are often unwilling to appoint specialist solicitors to check agreements (cost, time)

Putting it into Practice

Having discussed and analysed the mind-set of the small business owner/manager a roadmap for potential collaboration between the business and the university will be proposed. This roadmap will include the lessons learned from the study of the mind-set above and suggest an approach to collaboration that will be sensitive to the needs of the SME, while bringing the benefits of an enhanced collaboration process to both parties. The roadmap will consider the collaboration within four main areas:

- BENEFITS to collaboration
 - Technical expertise, Problem solving, Access to specialist equipment, commercialisation etc..
- The CHALLENGES
 - Timeframes, cost, bureaucracy etc.
- PREPARING the project plan
 - Partner searches, entry points to organisations etc.
- The role of external or internal FACILITATORS during the collaboration
 - Internal organisations, specialist outreach, government programmes, non-profit organisations etc.

Conclusion

At the end of the workshop the university researcher should understand the mind-set of their potential collaboration partner and be in a better position to manage mutually beneficial collaboration projects. The handy roadmap to collaboration will also be of long standing benefit as a tool for developing and implementing successful collaboration project plans.

Summary Recommendations

1. Universities need to learn how to collaborate with SMEs, not just large corporate clients.
2. Universities need to learn about the small business mind-set
3. Universities need to apply this knowledge in developing collaborative project plans
4. Proper understanding of the small business owner leads to successful collaboration projects.