

NETWORK OF ACADEMIC CORPORATE RELATIONS OFFICERS
BENCHMARKING COMMITTEE

Five Essential Elements of a Successful
Twenty-First Century
University Corporate Relations Program

WHITE PAPER

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EXECUTIVE SUMMARY

Many research universities are heavily dependent on federal funding to carry out their research activities. With the threat of major federal research cuts looming, universities are struggling to expand all sources of support, including funding and resources from the corporate sector. Understanding how to develop and maximize corporate collaborations in this uncertain funding environment is critical.

Prior to this federal funding precipice, a leading group of North American university corporate relations professionals began meeting in 2006 to determine the most effective ways to generate resources from the corporate world in the 21st Century. This group, the Network of Academic Corporate Relations Officers (NACRO), now includes corporate relations professionals from 118 research universities, 46 of which are members of the American Association of Universities (AAU).

“Corporations no longer consider themselves ‘donors’ to academia; they consider themselves ‘investors.’”

The NACRO members recognized that their effectiveness was often diminished when they were being asked to approach corporations solely as philanthropic donors. Companies were “pushing back” and making it clear that unlike government agencies or foundations, they are not in the business of giving away money that does not have at least a potential for business outcomes. According to the summer 2010 Sloan Management Review article, “Best Practices for Industry-University Collaboration,”¹ industry interactions with academia are intended to “extract the most business value possible from [university] research.” Corporations no longer consider themselves to be simply donors to academia; they consider themselves to be investors and business partners, where knowledge creation and transfer are a significant part of the equation.

Now that companies engage research universities on an enterprise, rather than a philanthropic, basis, they are focusing their interactions on those universities that provide strategic benefits such as future employees, sponsored research, new technologies, scientific consultants, employee training/executive education, economic development and joint university – company proposals for federal funding. In short, corporations are seeking university partners who can provide solutions to their problems. Over time, the amount of truly philanthropic support a university receives from a company will depend in part on the number and quality of these non-philanthropic engagements.

The Network of Academic Corporate Relations Officers (NACRO), through the experiences of its many members representing a wide range of research institutions, has identified Five Essential Elements of successful 21st Century university corporate relations programs, those programs that generate the most overall value possible to our institutions – fellowships, research funding, access to highly specialized

facilities, in-kind gifts, jobs and internships for students, participants in executive education programs, licensing income, corporate foundation funding, event sponsorship, and more.

1. Institutional Support
2. Mutual Benefits
3. One-stop shopping
4. Integrated Research Development
5. Campus Coordination

The Five Essential Elements are intended to be useful for a wide range of universities, as they can be adapted and implemented in numerous ways. NACRO recognizes that no two universities will have identical corporate relations programs: public or private, size of faculty and student populations, the size and quality of its business, engineering, and medical schools, importance to the local economy and unique campus cultures will all shape the opportunities and dynamics of each university's program.

At the end of this paper general corporate relations evaluation criteria are identified that correspond with the Five Essential Elements, but once again, the implementation of these criteria will depend on the unique context at each individual university.

Background and Historical Perspective

The Five Essential Elements are based on the historical evolution of corporate - academic relationships.

Corporations as Donors

Until the late-1980's, many companies provided significant financial gifts and in-kind donations in support of research, scholarships, and student activities in *ad hoc*, non-strategic ways. Research sponsorship or donations were often provided to obtain preferential access for recruiting purposes. As a result, corporate relations programs traditionally focused on generating philanthropic dollars from industry.

Years-long relationships built on recruiting, alumni presence, or board memberships no longer assure a major gift.

Corporations Become Investors

In an environment of receding economies, deregulation, global competition, ever-changing tax codes, and increased financial accountability, corporate philanthropy to academia has been in transition from an *ad hoc* activity to a long-term business strategy. There are many reasons behind this shift.

- Frequent mergers and acquisitions have constricted giving. Often, when companies with strong corporate giving programs merge, the gift amounts don't double but instead decrease to the level of *one* of the companies prior to the merger.
- Legislation has increased corporate accountability, such that personal relationships within the company - corporate leaders, alumni employees, faculty consulting, and/or vendor relationships - are no longer a guarantee of philanthropic gifts.
- Many corporations have reached the conclusion that unrestricted gifts provide little accountability, few measurable results, and less productive forms of recognition for their companies.
- Corporate foundations have decreased the percentage of funds devoted to undergraduate and graduate education. For example, K-12 education, the arts, and social programs are now higher priorities for many corporate foundations.

The New Corporate Paradigm

As corporations have moved from donors to investors, priorities for their academic relationships have evolved. The emphasis is now on working with those universities that provide holistic value – student recruiting, executive education, faculty consultants, sponsored research, licensing opportunities, joint government proposals, etc.

For instance, student recruiting is one of the highest priorities for companies, so when companies do not have high employee recruiting yields, they may take their relationships to other universities or reduce the number of “partner” universities they support.

The *HP Relationship Continuum* (see Figure 1) shows the comprehensive academic-industry approach one company has taken.

HP, like most companies, is focused on developing strategic partnerships that add value to the company. As the company builds trust with the university and the relationship deepens, more engagement opportunities arise. It is instructive to note that major philanthropic gifts usually result only after the relationship is well established and mature.

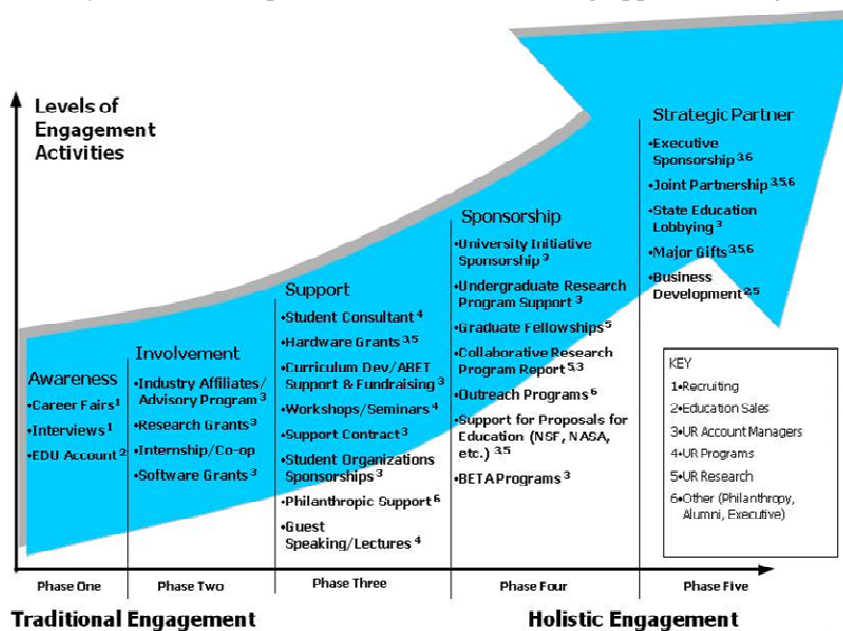


Figure 1. HP Relationship Continuum

Source: Wavne C. Johnson, Former Vice President, HP University Relations



Another approach corporations are taking is to decrease the number of universities with which they work, and many now select only a handful of institutions. For example, over the last four years, one Fortune 500 company moved from a 3-tier structure of 35 universities to a more refined list of just 15 schools. Another Fortune 500 company has restricted its university interactions to a small group of schools that have been willing to sign a master agreement with them.

One challenge facing all U.S. universities is that companies have begun establishing academic relationships globally, particularly because they seek the growth potential, abundant R&D personnel, and more favorable IP terms of foreign universities, leaving fewer resources for U.S. universities.

Universities in Transition

In 2010 the Network of Academic Corporate Relations Officers (NACRO) conducted a survey, polling Corporate Relations Officers from 45 research universities, to assess how universities are adapting to the new corporate paradigm. The survey confirmed that the university corporate relations function is in transition as universities try to “figure out” how to best “do corporate relations” in the current corporate environment and anticipate what these trends mean for the future.

- Only 56 percent of NACRO members report directly within the Development Office structure. This is a significant change from twenty years ago, when the vast majority of units reported solely to the Advancement Office, and was seen as just another path for donations.
- 35 percent of offices report to the office of research/vice provost of research, college dean, and/or president. Nine percent of offices have a joint reporting structure.

- 85 percent are either maintaining or expanding their corporate relations mission and initiatives.
- Over 75 percent say their institutions value a comprehensive model of corporate relations.
- Even though a majority of institutions say they value this approach, only 30 percent of those surveyed have a leadership board or council that formalizes and oversees the approach.²

THE FIVE ESSENTIAL ELEMENTS

NACRO members representing 21 research universities overwhelmingly identified Five Essential Elements to develop successful, long-term relationships with industry. For the purposes of this discussion, a “successful” program is one that maximizes the flow of resources in support of the university’s teaching and research missions, whether those resources are generated as gifts, research grants, royalty payments, executive education tuition, or gifts-in-kind.

Over time, the amount of truly philanthropic support a university receives from a company will depend in part on the number and quality of non-philanthropic engagements.

1. Institutional Support

The commitment of the university leadership to corporate relations is critical. The central administration must make it clear that establishing and maintaining durable relationships with industry is a priority for the university. The value a company seeks from a university is rarely within the exclusive domain of the corporate relations office to deliver. By clearly charging the corporate relations office with coordinating the totality of a company’s relationships on campus, campus constituencies – such as research centers, academic divisions, and faculty members – will be more likely to share information and collaborate with the office.

The presidential endorsement:

- Gives the office of corporate relations firmer ground on which to lead industry to interdisciplinary teams of university scientists, not just one or two scientists on an isolated project.
- Encourages academic divisions, research centers, and offices on campus that interact with corporations to collaborate with the corporate relations office.
- Encourages faculty to invest the time needed to develop relationships with corporate scientists that are at the core of what industry seeks from universities.

Some universities institute metrics and incentives within the faculty reward structure in order to encourage faculty to develop corporate relationships.

2. Mutual Benefits

The corporate relations office plays an important role bridging the corporate and academic worlds, recognizing that in order to be sustainable, a university-company collaboration must be based on business needs while still aligning with the priorities of the university. According to the University-Industry Demonstration Partnership, a “successful university-industry collaboration should support the mission of each partner. Any effort in conflict with the mission of either partner will ultimately fail.”³

As the one campus office overseeing the entirety of all corporate collaborations on campus, the corporate relations office is uniquely situated to identify potential win-win opportunities by:

- Articulating the value proposition the university offers
- Working with both parties to develop collaborations that support the mission of each partner
- Identifying and matching the company’s strategic needs and the university’s strengths
- Synthesizing multiple pieces of information from numerous constituents to create common understanding and real opportunities for shared, positive outcomes
- Listening to all stakeholders, helping them identify shared goals and designing projects and initiatives that create mutually beneficial outcomes
- Building consensus within the university ecosystem
- Ensuring collaboration goals are met
- Helping faculty and administration communicate effectively with corporate partners

<i>University gets</i>	<i>Corporation gets</i>
Jobs/internships for students; fellowships	Future employees/recruiting
Executive Education Participants	Executive education training for employees
Expanded research capacity; access to real-world problems	Campus research collaborations
Licensing Revenue	License patents
Equipment/Facility fees	Access to specialized equipment
Event Funding	Event sponsorship/publicity

Figure 2. Win-Win Examples

In sum, successful 21st century corporate relations programs consider corporations to be strategic partners.

3. One-stop Shopping

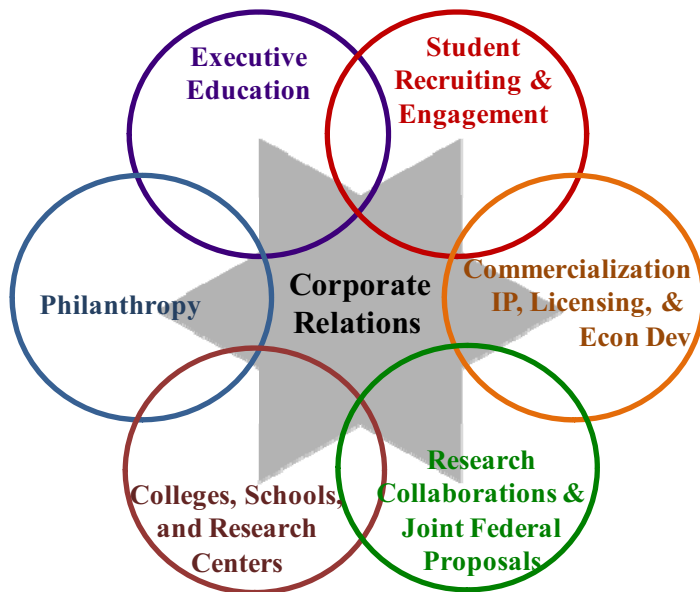


Figure 3. Relationship Nexus

Universities are complex entities and companies want a single point of entry where they can be guided to campus resources relevant to their needs. The corporate relations office, whose goal is to increase corporate interactions throughout campus, is uniquely positioned to serve as this central hub, working with external and internal partners to overcome barriers to corporate engagement. Corporate relations professionals, as representatives of the university with no bias towards any single campus unit, can provide personalized services tailored to the needs and interests of each corporation. The corporate relations office is not a gatekeeper; rather, it facilitates access to the entire university.

This "one-stop shopping" approach is highly attractive to companies as it simplifies and accelerates access to university resources. Richard Shelton, Systems Engineering Manager for Northrop Grumman Corporation, describes the value of this model: “When industries need to work with a university, it is preferred to have a single focal point, or comprehensive Corporate Relations Office, that knows the research and faculty best to efficiently and effectively help achieve a common goal. Without this, there is a slowly converging effort of multiple corporate and academic personnel redundantly discussing needs and approaches, causing a loss of valuable time and efforts.”⁴

The multiple ways a corporation may access the entire university through the corporate relations office is highlighted in the *Relationship Nexus* (Figure 3). A corporation can enter the *Relationship Nexus* at any

point. There is no prescribed linear progression from one point of engagement to the next. With each additional interaction, the relationship between the company and the university deepens, potentially providing additional value to both parties. It is more about depth and momentum than a linear progression.

By working to expand the Relationship Nexus, a university can increase the benefits for both the university and the corporation. For instance, one large research university worked for many years with a large corporation involved with multiple industrial sectors. Originally, the interactions were mostly philanthropic and on the lower end of the giving scale. Over the past two years, the university intentionally expanded its interactions – broadened the relationship nexus – across several categories, including research and student recruiting. The company has now signed a master research agreement with the university, sponsored fellowships, hosted an alumni event at the company, participated in student recruiting on campus, and is in several discussions regarding research projects. The university anticipates that some large research projects will develop and additional philanthropic opportunities may become available.

*The leverage of the University –
Government – Company
relationship is a new landscape
– one Corporate Relations can
help situate into the
overall picture.*

4. Integrated Approach to Research Development

While the Office of Research Administration is responsible for negotiating sponsored research agreements, the corporate relations office can play an important role identifying companies with sponsored research needs. In addition, when the two offices work together, sponsored research agreements can be negotiated to include a philanthropic component, providing valuable resources to the university as an integral part of the deal.

One example of a sponsored research – corporate relations coordinated approach took place when a research university announced the establishment of a major solar-research collaboration and a graduate fellowship in chemical sciences and engineering, both funded by a major chemical company. Because the corporate relations office was involved in the negotiations, the request for philanthropic funding was discussed in parallel with the development of the sponsored research agreement.

Even when a sponsored research agreement is negotiated without a philanthropic component, the likelihood that the university will receive philanthropic dollars increases greatly due to the deepening relationship. Another research university analyzed its corporate relationships over the past five years and discovered that

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after sponsored research agreements were signed, company philanthropy generally increased.

Now, more than ever, such collaboration between Sponsored Research and Corporate Relations is vital to generating research dollars. Given that many companies have downsized their corporate research divisions and are increasingly seeking universities to carry out experimental and core research formerly performed by their own labs, universities have a unique opportunity to increase their sponsored research funding. According to Steve Oesterle, Senior VP for

Medicine and Technology at Medtronic, “Increasingly our R&D budget is weighted to the development side as we vigorously compete in public markets. We must look more and more to universities to be partners in the R side of this balance.”⁵

Establishing sponsored research projects with corporations isn’t the only way that the corporate relations office and the Office of Sponsored Research can work together. Now that federal funding increasingly

favors research involving corporate partners, the corporate relations office can play a critical role in identifying such partners. At the same time, corporations are now placing an increased emphasis on partnering with universities to pursue government research grants to develop new core technologies.

5. Campus Coordination

In order to successfully serve as a one-stop shop, the corporate relations office must build strong working relationships with offices across campus, whose engagement with the business sector can advance or hinder university-wide relationship-building.

Unlike the philanthropic corporate relations model, a successful 21st century corporate relations program is not only dependent on the corporate relations office, it is also dependent upon their ability to find willing partners across the campus:

- Chancellors, Presidents, Provosts: provide institutional support
- Vice Presidents for Research: leverage federal funding opportunities with corporate partners
- Deans: serve as a bridge to various academic programs
- Development Leadership: coordination when approaching corporate alumni
- Office of Licensing/Technology Transfer: negotiate corporate IP terms
- Research Administration: negotiate corporate sponsored research agreements
- Career Center: facilitate positive student recruiting experiences

Numerous NACRO member institutions have begun to organize internal meetings to coordinate corporate interactions throughout campus. The frequency of the meetings depends on the needs of the institution. Participants typically include deans, university administration, faculty members, and staff from the career center, the alumni association, sponsored research, and technology transfer. Usually the purpose of these meetings is to: (a) coordinate corporate activity and share top corporate prospects and strategy, (b) share information such as recruiting schedules, executive speaking engagements, corporate lists, vendor lists, sponsored research lists, and (c) develop policies to prevent duplication of efforts.

Corporate Relations professionals will then often form strategic corporate alliance teams to pursue strategic alliances with companies, negotiate agreements, manage post-agreement activities, negotiate intellectual property licensing, and finally, grow the relationship.

“A one-stop shop requires a coordinated approach that addresses the often divergent needs of industry and university researchers. Developing the necessary relationships is an ongoing process. Creating the environment that encourages staff to work together across modalities is vital.”⁶

A very important, but often lacking, tool for the corporate relations program is an internal database that can be accessed and shared by all relevant campus offices. Gathering and sharing data about these relationships is a vital element of today’s corporate relations office coordination function. Reports based on multiple points of corporate-campus interaction can enable the

corporate relations office to plan and demonstrate the results of corporate relationship efforts to campus partners. One of the challenges in this area is the fact that databases used to track corporate interactions on campus are often not integrated with each other and sometimes even carry restrictions regarding who can view what data.

Evaluating Corporate Relations Offices

Traditional practice for corporate relations performance assessment tends to follow the funding pipeline maxim: contacts yield visits; visits yield opportunities for proposal development; proposals yield revenue. Such a tangible results-based perspective misses both long-term and intangible forms of value, which are often more strategic to the university than near-term revenue. While near-term incremental revenue is very important in any partnership, to only focus on that form of value misses the mark and distracts the corporate relations professional. New evaluation tools for university corporate relations programs are needed.

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The specific measures used to evaluate the corporate relations program must now take into account the comprehensive nature of the 21st century corporate relations paradigm. The intensely collaborative nature of this activity makes the traditional, individual-based measures of performance unreliable indicators of productivity and effectiveness of the entire process. This is now a team effort. What can be counted may not always be significant in determining effectiveness. Often the value an industry provides to a university is not initially philanthropic, but takes the form of internship and employment opportunities for students, faculty access to specialized instruments and “real world” challenges that inform curricula, or research funding in the form of a contract. These softer industry resources may not count in strict development terms, but they lay the foundation of a relationship that often leads to sustained engagement and tangible resources.

Many of the best ways to assess long-term program and individual success cannot be based on metrics but must be assessed by qualitative measures. This will require a new approach to what has been a purely numbers-based exercise. Basing assessment criteria on the Five Essential Elements will ultimately provide an institution with a more accurate and meaningful assessment of its ongoing corporate relations efforts. See Appendix 1 for suggested Evaluation Criteria Based on Best Practices.

Given the comprehensive model of corporate relations is relatively new, appropriate evaluation methodology is still in the process of being developed. However, traditional forms of evaluation based only on philanthropic income and number of visits/emails/phone calls are insufficient to support the development of a comprehensive corporate relations program.

“Everything that can be counted does not necessarily count; everything that counts cannot necessarily be counted.”

– Albert Einstein

Over the next year, NACRO will work to identify specific evaluation criteria for both the corporate relations office and corporate relations professionals, aligning with the Five Essential Elements described in this paper. NACRO will also begin an annual survey that will assess corporate relations programs at more than 50 global research universities. This data will help universities continue to identify best practices.

CONCLUSION

At the 2009 Network of Academic Corporate Relations Officers Annual Conference, keynote speaker Linden Rhoads, Vice Provost of Tech Transfer for the University of Washington, said: “The universities that figure out university-industry relations are the ones that will excel in the next ten years.”⁷ The corporate relations professionals who are members of NACRO have identified the Five Essential Elements – critical components of a successful corporate relations program – precisely because we want our universities to excel. However, we cannot take the next steps alone. Incorporating these Five Essential Elements has implications for the entire campus, and is dependent on the collective will of the leadership, faculty members, and related offices throughout campus. The NACRO membership looks forward to working with all of our campus partners to strengthen our respective corporate relations programs.

“The universities that figure out university-industry relations are the ones that will excel in the next ten years.”

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<http://web.mac.com/nacro/NACRO/Welcome.html>

¹ William A. Lucas et al, “Best Practices for Industry-University Collaborations,” *MIT Sloan Management Review* 51:4 (Summer 2010): 83-90.

² NACRO Annual Benchmarking Survey, 2009-2010

³ University Industry Demonstration Partnership, *Guiding Principles for University-Industry Endeavors*, April 2006, p. 5.

⁴ Richard Shelton, Systems Engineering Manager, for Northrop Grumman Corporation, e-mail to Greg Gibbs, Director of Development and Corporate Relations, UC Davis College of Engineering: March 9, 2011.

⁵ Steve Oesterle, Senior Vice President for Medicine and Technology, e-mail to Sacha (Alexandra) Patera, Associate Director of Corporate Relations, Northwestern University: March 4, 2011.

⁶ Angus Lingstone, *Developing University-Industry Relations, Pathways to Innovation from the West Coast*, Robert C. Miller, Bernard Le Boeuf, and Associates, 2009, p. 71

⁷ *University-Industry Relations: An Outsider’s View from the Inside*, 2009 NACRO Conference Keynote, Linden Rhoads, Vice Provost for Technology Transfer, University of Washington.

Appendix 1 – Evaluation Criteria Based on Best Practices

1. Institutional Support

- Policies/guidelines that support the campuswide coordination role
- Faculty/administration participation in corporate relations efforts
- Willingness of campus offices to collaborate with the corporate relations office

2. Mutual Benefits

- Ability to develop mutually beneficial strategies for corporate engagement consistent with university priorities
- Ability to identify and match the company's strategic needs and the university's strengths
- Ability to help all stakeholders to identify shared goals and create mutually beneficial outcomes
- Ability to establish, drive, and maintain successful collaborative partnerships
- Ability to translate from academic to business language/concepts and vice versa

3. One-stop shopping

- Ability to facilitate and support timely interactions between the company and campus partners
- Increased interactions between the company and the university
- Ability to identify and pursue strategic opportunities that emerge throughout the relationship
- Ability to identify common interests and make connections between corporations and various campus units
- Ability to coordinate and support the development of multi-disciplinary/multi-divisional collaborations
- Total resources raised (sponsored research, in-kind donations, and philanthropy)
- Broad knowledge of university research, research priorities, programs, and services

4. Integrated Research Development

- Funding raised for research
- Identification of corporate partners for federal research proposals
- Number of sponsored research agreements
- Collaborations with the sponsored research and technology transfer offices
- Familiarity with sponsored research and intellectual property issues
- Vitality of research relationships and affiliates programs

5. Campus Coordination

- Frequency and quality of meetings with campus partners
- Development of a database or processes that will facilitate the sharing of information
- Increased internal collaboration and leveraging of information and resources
- Ability to coordinate campus corporate strategy
- Development of policies to prevent duplication efforts