

MHR 399
Independent Study – Fall 2006

Instructor: John Surdyk

Class Location and Time: Grainger 5274C, consultation on first Wednesday every month

Email: jsurdyk@bus.wisc.edu

Phone: 262-9041

Office Hours: By appointment

TEXTS: Academic papers and recommended texts

INDEPENDENT STUDY OBJECTIVES:

Independent study opportunities at UW-Madison are intended to provide students an opportunity to enrich themselves and improve their intellectual and professional capabilities in areas or levels beyond what is regularly offered in other courses.

This Independent Study is based on the premise that entrepreneurs create or recognize and build on opportunities related to conditions of industry, social and technological change. In general, most new businesses draw on informal advisors and help through resources such as family, friends, community networks. In some cases, however, they draw on specialized more formal facilities, business services and social networks available in science parks, innovation centers and incubators. The intent of this Independent Study is to provide an overview of incubator-incubation research and the role of incubation in the entrepreneurial process. The course will also introduce conceptual tools that will help the student to understand the key design elements in different models of business incubation as well as provide incubator planning tools and exercises to build more advanced market research/interview skills.

This Independent Study is intended for a student interested in understanding the role of incubators in an entrepreneurial context. Specifically, the student will become conversant in the major lines of inquiry within the emerging field of incubator research, and she will consider the implications of key findings through a structured project on campus that will allow her to synthesize and apply the readings and frameworks. The student should gain (1) conceptual knowledge of competing and complementary scholarly views on the processes and impacts of incubators designed for specific purposes and environments like universities, (2) factual knowledge about contemporary incubator design and performance, and (3) tools for designing and evaluating incubators as well as market research techniques.

This Independent Study will prepare the student for further research on entrepreneurship and incubator-incubatee research while simultaneously preparing her to be a more effective, strategic leader in an entrepreneurial setting.

INDEPENDENT STUDY ASSIGNMENTS:

The Independent Study will include review of approximately 15 academic papers and articles along with recommended texts that will provide conceptual and factual information on:

1. Scholarly and applied research on entrepreneurship and business incubation; and
2. Managerial information on the design, feasibility, management and performance of incubators.

Required readings are listed in an accompanying class schedule. Additional reading material will be suggested based upon student-instructor conversations as the course progresses where more depth on a specific issue is appropriate. Such materials will focus on market research methods as appropriate. These readings would be supplementary – not required.

The student will be expected to complete 3 papers demonstrating an understanding of the readings every month. These papers should: 1) briefly summarize each assigned reading and key concepts in 1 paragraph and 2) identify answer specific questions with each block of readings. In addition, she will complete 6 exercises that reinforce implications in the readings, such as identifying key design factors in university-based incubators, and build skills, such as designing an interview guide for incubator managers and tenants to evaluate such factors.

In addition, this Independent Study will require a business plan outline, timeline and discussion of key issues and opportunities (approximately 10-20 pages) for the proposed incubator to service students at UW.

Papers should be single-spaced with 1 inch margins and 12 point font.

CONFIDENTIALITY POLICY:

Throughout the course, students may be exposed to proprietary information from other student, guest lecturers and faculty. It is the policy of the Department of Management and Human Resources that all such information is to be treated as confidential. By enrolling in and taking part in this class, students agree not to disclose this information to any third parties without specific written permission from student, guest lecturers or faculty, as applicable. Student further agree. not to utilize any such proprietary information for their own personal commercial advantage or for the commercial advantage of any third party.

In addition, students agree that any legal or consulting advice provided without direct fee and in an academic setting will not be relied upon without the enlisted opinion of an outside attorney or consultant, without affiliation to the Department of Management and Human Resources.

Any breach of this policy may subject a student to academic integrity proceedings as described in the University of Wisconsin - Madison University Governance Policies and procedures and to any

MHR 399
Independent Study – Fall 2006

remedies that may be available at law.

The Department of Management and Human Resources, the School of Business, and the University of Wisconsin - Madison disclaim any responsibility for the protection of intellectual property of students, guest lecturers or faculty who are involved in this class or related events.

Receipt of this document and registration in the class is evidence that you understand this policy and will abide by it.

Class Schedule

Date	Topic Covered
Sept. 12	Overview Review of Independent Study objectives and project. Delivery of reading materials and orientation to course reserves.
Oct. 4	READINGS Entrepreneurship & Incubation: An Overview <i>These materials introduce the field of entrepreneurship research. Read this material to develop a feel for the evolution of scholarship in this area.</i> Eckhardt, J., & Shane, S. 2003. Opportunities and entrepreneurship. <i>Journal of Management</i>, 29(3): 333-349. Venkataraman, S. 1997. The distinctive domain of entrepreneurship research: An editor's perspective. In J. Katz and R. Brockhaus (Eds.) <i>Advances in Entrepreneurship, Firm Emergence, and Growth</i>. Greenwich: JAI Press. <i>These readings address the role of incubators in an entrepreneurial context. As you read them, consider how the problem the incubator was originally intended to solve (essentially a real estate problem) has evolved. How could the models reviewed here (Campbell and Smilor) be modified – if at all -- for a university-affiliated incubator? What problem do university-linked incubators address? and describe why the evidence that incubators improve outcomes for tenants is or is not compelling to you?</i> Plosila, W. 2004. State Science- and Technology-Based Economic Development Policy: History, Trends and Developments, and Future Directions. <i>Economic Development Quarterly</i> 18(2): 113-126. Hackett, S., & Dilts, D. 2004. A Systematic Review of Business Incubation Research. <i>Journal of Technology Transfer</i>, 29(1): 55-82. Peters, I., Rice, M., & Sundararajan, M. 2004. The Role of Incubators in the Entrepreneurial Process. <i>Journal of Technology Transfer</i>, 29(1): 83-91. <i>Readings below discuss different service profiles at incubators and introduce possible “success” factors. As you read these, consider how the measures could be adapted for university incubators. What are some of the key differences between incubator types?</i> Smilor, R. & Gill, M. 1986. The New Business Incubator: Linking Talent, Technology, Capital and Know-How. (Chapter 3 – Incubator perspective on success; Chapter 4 - Tenant company perspective on success; Chapter 5 – Success and financing; Chapter 6 – Selection and management)

MHR 399
Independent Study – Fall 2006

vonZedwitz, M. & Grimaldi, R. 2006. Are Service Profiles Incubator-Specific? Results from an Empirical Investigation in Italy. *Journal of Technology Transfer*, 31: 459-468.

The popular press pieces below talk about initiatives at universities trying to inculcate entrepreneurial visions, values and capabilities among students. What major ethical issues do they broach for the university administrators, faculty and students?

Merritt, Jennifer. "Hatching Success: More Business Schools are Starting 'Business Incubators' to launch Start-Ups. Is It Education or Business? Well, It's Both." *Business Week*, October 2, 2000: 94.

Hechinger, John. "BU Incubator to Foster Students Ideas." *Business Week*, February 23, 2000: NE1.

FRAMEWORKS AND TOOLS

Note: The materials listed below are available through reserve at the Business Library.

U.S. Small Business Administration. March 1986. Small Business Incubator Handbook: A Guide for Start-Up and Management. SMS no. 103. (Parts IIA. And III). [This contains how-to tools for starting an incubator.]

Smilor, R. & Gill, M. 1986. The New Business Incubator: Linking Talent, Technology, Capital and Know-How. (Appendix). [This contains tools and models for linking incubators to the entrepreneurial community -- see Mian in next month's reading for summary].

Statistics Canada. 2005. Survey of Business Incubators 2005. [A sample survey instrument]

Churchill, G. 2003. Basic Marketing Research (3 ed.). Forth Worth, TX: The Dryden Press.

DUE

Paper #1. Concepts. Please summarize the key finding or lesson in each reading (1 paragraph each) and then attempt to answer the questions with each reading segment. (3-5 pages)

Exercise #1: Tools. Using Chapter 12 of Churchill's *Basic Marketing Research*, prepare a brief interview guide you could use to learn more about the issues deserving special consideration for the proposed UW incubator, such as what "success" might look like for a university-linked incubator, the risks peculiar

to a university, etc. Design a questionnaire you could use when talking to: 1) area incubator managers, 2) people within the university, and 3) tenants of incubators about an incubator design to service student-led ventures. Develop a list of 6 people you feel it would be helpful to contact to learn more, why you feel they would be helpful, and attach it at the end of your questionnaire. (3 – 5 pages)

Nov. 1

READINGS

Incubation Research: Universities

In the reading below, consider the motivations that a university has for establishing and managing an incubator. What are some of the most popular sources of value that an incubator can provide to tenants in the studies Mian reviews?

Mian, S.A. 1995. Assessing Value-Added Contributions of University Technology Business Incubators to Tenant Firms. *Research Policy*, 25: 325-335.

Incubators may produce unexpected outcomes and pose dangers for universities, which are tax-exempt institutions for education and research. When reading these materials, identify key dangers to the universities or the people involved with a start-up company in a university-linked incubator. Do you find them convincing? Why or why not?

Mian, S. A. 1997. Assessing and Managing the University Technology Business Incubator: an Integrative Framework. *Journal of Business Venturing* 12(4): 251-285. (based upon availability)

Rothaermel, F. & Thursby, M. 2005. Incubator Firm Failure or Graduation? The Role of University Linkages. *Research Policy*, 34: 1076-1090.

Slaughter, S. et al. 'The 'Traffic' in Graduate Students: Graduate Students as Tokens of Exchange between Academe and Industry. *Science, Technology & Human Values*, 27(2): 282-312.

Link, A. & Scott, J. 2003. U.S. Science Parks: the Diffusion of an Innovation and Its Effects on the Academic Missions of Universities. *International Journal of Industrial Organization*, 21: 1323-1356.

Becker, B. & Gassmann, O. 2006. Corporate Incubators: Industrial R&D and What Universities Can Learn from Them. *Journal of Technology Transfer*, 31: 469-483.

Wisconsin Statute 36.01 – Statement of purpose and mission (UW)

MHR 399
Independent Study – Fall 2006

DUE

Paper #2. Concepts. Please summarize the key finding or lesson in each reading (1 paragraph each) and then attempt to answer the questions with each reading segment. (3-5 pages)

Exercise #2. Tools. Using the tools from prior readings (the SBA handbook for example), outline the steps for establishing this incubator and a rough timeline for the key steps. (1-2 pages)

Exercise #3. Tools. Identify up to 3 incubators run by other college students, student organizations or universities in the U.S. or elsewhere that cater to student-led businesses. Compare and contrast their mission statements, services, physical facilities, and funding using Smilor's model or your own. (1-2 pages)

Exercise #4. Frameworks. Reviewing the goals of different incubator types and those you identify in Exercise #3, draft a short mission statement for an incubator to service student-led businesses here at UW. A mission statement should address who the incubator will serve (will this be doctoral students with floral shops? undergraduates with plasma reactors?) as well as why will it exist and what will it do. (< 4 sentences)

Exercise #5. Tools. Imagine you are recommending to the Provost whether to allocate scarce resources at UW-Madison to this incubator. Further imagine the Provost's office doesn't see the merit in an incubator of this type and would prefer to use what funding remains to grow the existing University Research Park incubator. How would you argue for the support of this student-oriented incubator? Use evidence from the readings and your interviews to justify your recommendation. (2-3 pages)

Dec. 6

DUE:

Paper Draft. Provide an outline for a business plan for an incubator, include the timeline you developed earlier (Exercise #2), and list key issues and risks under the major headings (2-3 pages)

Exercise #6. Tools. Summarize your interview results. (1-2 pages)

Dec. 11

Special Session
Report feedback

Dec. 15

DUE

Paper #3. Concepts. Discuss how theories introduced in the readings (the importance of collective learning, social networks, etc.) relate to your

MHR 399
Independent Study – Fall 2006

experience on the project. In your opinion, what theories do you feel most strongly explain the value created by incubators? Given the theory (or theories) you feel may be at work in incubators, identify the 3 most important design questions for this proposed incubator to service students. Do you agree or disagree with authors like Mian and Smilor about their incubator models? How would you extend their frameworks to address the design of the proposed incubator for UW? (3 -5 pages)

Exercise #7. Tools. Incubator Business Plan Report (10 – 20 pages) with timeline and issues discussed under major headings

SUPPLEMENTARY RESOURCES:

Churchill, G. 2003. Basic Marketing Research (3 ed.). Forth Worth, TX: *The Dryden Press*. [To use if the student does not have a strong background in questionnaire design after discussion with instructor.]