



last word

Core Values and the New Business Model

In James Collins's book "Built to Last," core values are described as the fundamental building blocks of an enterprise. They are also described as "what's" as opposed to "how's." For example, the core values of a rental car company might be to "Provide the highest value in personal transportation." This is a "what." The more narrow statement "Providing the highest value in rental cars," is "how" the "what" is implemented. Just as we regularly assess the core values of businesses, we should also assess whether the core values of universities are insightful enough to be long lasting and adaptable to change. In the most broad sense, the core values of research universities are to "Generate and disseminate knowledge to the benefit of society." This is the "what." The "how" is through the missions of research, teaching, and service.

These "how's" have served the university well for decades. The comprehensive engineering research university can be traced to the Morrill Act of 1862 that established land-grant institutions. The research university was further refined by Vannevar Bush's report "Science, the Endless Frontier" in 1945, which launched high-technology, government-funded research in the decades following World War II. The changes facing research universities today are every bit as profound as they were then. That change began with the Bayh-Dole Act of 1980 that allowed universities to license and thereby profit from the results of federally funded research. Universities soon began developing patent portfolios, trading in intellectual property (IP), and adopting business models to generate and protect that property.

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business-based?**

The emergence of new business models has allowed both universities and industry to reap large benefits. There are many high-technology industries that owe their existence to more business-like relationships with universities. Recently, alliances have been added to the business model, in which faculty agree to favorable IP rights for the company in exchange for block funding. These relationships have existed for years through consortia on a pre-competitive basis. Alliances are now with single companies addressing competitive issues.

The question I ask is whether the new business model is a "what" or a "how"? If it is a "what," then we have accepted, without much discussion, a fundamental change in the core values of the university. If it is a "how," then we are simply carrying out the current core missions using a different method, just as distance learning is a new method of the "how" of education. To determine whether the new business model is a "what" or a "how," we need a metric. I recommend that this metric be the criterion we use to tenure our faculty, the core asset of a university. Since granting tenure is the ultimate

metric we use to evaluate the faculty, the criteria we use to tenure faculty are measures of our core values.

Today, tenure is granted for accomplishments often summarized as “inceptions of new theories of fundamental processes, their publication in peer reviewed journals, and recognition from peers of the outstanding nature of that work.” Would we also be willing to grant tenure for accomplishments summarized as “development and patenting of innovative technologies, their licensing to industry, and the generation of income for the university?” If we do indeed accept these accomplishments as the basis for tenure, I argue we have redefined the “what” of the university’s core values as opposed to allowing for another “how.”

The Catch-22 is the following: If we value and encourage activities centered on the new business model, then we must reward those activities on a par with teaching, research, and service. That reward is tenure. However, by doing so, we will have changed the “what” of the core mission. If we choose not to reward these activities on a par with the traditional missions, and so delegate them to a “how,” we cannot, in good faith, encourage faculty to pursue them.

Can research universities survive with faculty who view their relationships with the institution as being primarily business based? Universities heavily invest in their faculty with the return sometimes recouped in decades, not quarters. The university invests in its faculty with the expectation that they will repay that investment through research, teaching, and service. Tenure is the career-long commitment universities make to facilitate that investment. In return, universities require loyal faculty who are devoted to the core mission. They must also be willing to stay long enough to recoup that investment. If research universities adopt the new business model as a “what,” this relationship will fundamentally change and so will its core mission.

Can the tenure system survive this change? Should universities grant tenure to faculty whose priorities are not research, teaching, and service? Can nonprofit entities survive in a profit-motivated relationship? The opportunity to improve the university by leveraging new business practices is tremendous, but pursuing them will involve clear tradeoffs.

I cannot predict whether this change will be a “what” or a “how.” I do ask, however, for a deliberate debate so that we understand all of the implications, and determine whether the new business model is consistent with the core values of the university. The outcome of that debate could be no less influential in determining the character of the university than was Vannevar Bush’s report more than half a century ago.

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