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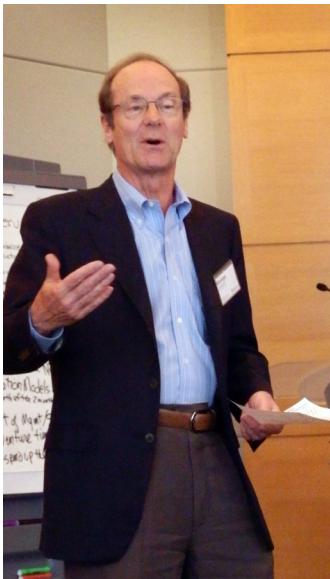
Internal Venturing: Issues, Opportunities and Challenges

*A report on insights presented and developed at a focused theme workshop
hosted by the Mack Center for Technological Innovation
at the Wharton School on June 10, 2011*

In an era of open innovation, senior managers responsible for technological innovation are increasingly involved in leading internal venturing initiatives that reach beyond the boundaries of the organization.

These initiatives include investing in corporate venture capital (CVC) projects as well as collaboration with independent venture capitalists (IVCs).

This focused theme workshop brought together a select group of industry managers and Wharton faculty to explore critical issues and strategies for managing corporate ventures.



WORKSHOP AGENDA

INTERNAL VENTURING: Issues, Opportunities and Challenges

INTERNAL VENTURING – DEFINING THE ISSUES OF INTEREST

Paul J.H. Schoemaker - *Research Director, Mack Center for Technological Innovation and Adjunct Professor, Wharton; and Chairman, Decision Strategies International*

PANEL – WHAT ARE THE CRITICAL ISSUES IN CORPORATE VENTURING?

GM Ventures - Sherwin Prior - *Managing Director*

Intel Capital - Ron Reich - *Investment Director*

RedScript Ventures, LLC - Mark Laurenzi - *Senior Director*

WORKING LUNCH – SMALL GROUP BREAKOUT SESSIONS

GROUP A: How Can CVCs (Corporate VCs) Work Most Effectively With VCs and IVCs (Independent VCs)?

(Facilitator: Paul Schoemaker)

What are the best ways for CVCs (Corporate Venture Capitalists) work with IVCs (Independent Venture Capitalists)? The Pros and Cons of becoming an LP in a VC fund – does this improve deal flow? What value do CVCs bring to IVCs, and vice versa? How do we co-invest with them? What can we do to make them comfortable working with a CVC? How can we best engage them and get access to deal flow? Do we need to invest in the IVC to get deal access?

GROUP B: How Can Open Innovation Support Internal Venturing? (e.g. tapping global resources outside your industry/market)

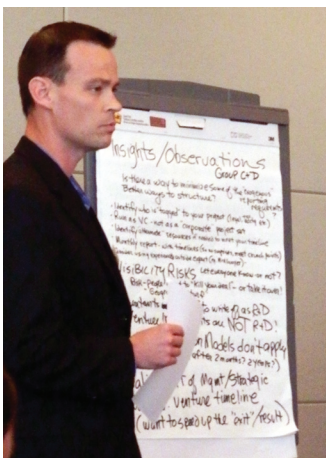
(Facilitator: George Day)

Challenges and strategies for open innovation (how it complements traditional R&D, how to avoid the “not invented here” syndrome (Horizon 1-2-3, etc.))? Implications for technology management of projects outside the company?

GROUP C: How Should Internal Venture Initiatives Be Positioned and Managed? (Facilitator: Michael Tomczyk)

How are CVCs keeping track of and accounting for ventures, in the context of a large publicly traded corporation? Do we book our transactions geographically or by business units, or house it under a corporate entity? How should internal venture groups be incentivized? How should “failures” be dealt with?

REPORT-BACKS AND DISCUSSION



Internal Venturing

Issues, Opportunities and Challenges

On June 10, 2011, the Mack Center presented a workshop entitled “Internal Venturing: Issues, Opportunities and Challenges.” The event brought together a select group of innovation managers from the Mack Center’s industry partner network to explore best practices and strategies for internal venturing.

A major goal was to tap the knowledge and experience of the workshop attendees, through interactive discussion. Panelists from GM Ventures, Intel Capital and RedScript Ventures (Johnson & Johnson) helped define the critical issues.

The workshop was designed and presented by Professors Paul J. H. Schoemaker and George Day. Breakout discussions were led by Profs. Schoemaker and Day, and Michael Tomczyk who also helped organize the event and edited this report.

Attendees worked with our faculty to share insights and best practices for managing the internal venturing process to develop commercial opportunities in emerging technologies and applications.

This focused theme workshop was proposed by our industry partner General Motors, whose representatives to the Mack Center include the executive team at GM Ventures.

Internal Venturing

Defining the Issues of Interest

Paul J.H. Schoemaker

*Research Director, Mack Center for Technological Innovation and Adjunct Professor, The Wharton School;
Founder and Chairman, Decision Strategies International*



Our goal today is to share and exchange insights and experience on a focused topic—internal venturing—as a strategy for accessing and developing technological innovation. This workshop will be more interactive than lecture-driven, with much more discussion, debate and dialogue.

A lot of insights will come from our breakout discussions where we will all share our insights, experiences and best practices.

To set the stage for our discussion we can begin with a key definition. Corporate Venturing is a form of entrepreneurship aimed at value creation through innovation of product, process, strategy or domain. Corporate venturing can be external or internal. Today we are focusing on internal venturing.

If we look at this topic through an academic lens, some of the questions that come to mind are:

- Why is internal venturing a corporate function?
- Why should it happen inside the boundaries of the firm? (Oliver Williamson)
- Why do this in-house when the marketplace does it so much better? (Karl Ulrich)
E.g., first mover advantage, strong knowledge base in the company, complementary assets, etc.
- Why do some firms pursue ICV actively and what has been the success rate?
- What are best practices that can help firms do this effectively and consistently?

If we think of entrepreneurship, it can be independent entrepreneurship or corporate entrepreneurship, and within that we can distinguish a corporate venturing arm which promotes innovation throughout the enterprise.

Corporate Venturing is linked to the innovation process that extends throughout the organization, as well as strategic renewal activities that may come from the Board or C-suite. The accompanying chart is not a Mack Center chart, but shows one way of organizing and conceptualizing these entities. It should be noted that increasingly, organizations are positioning corporate venturing under the innovation function.

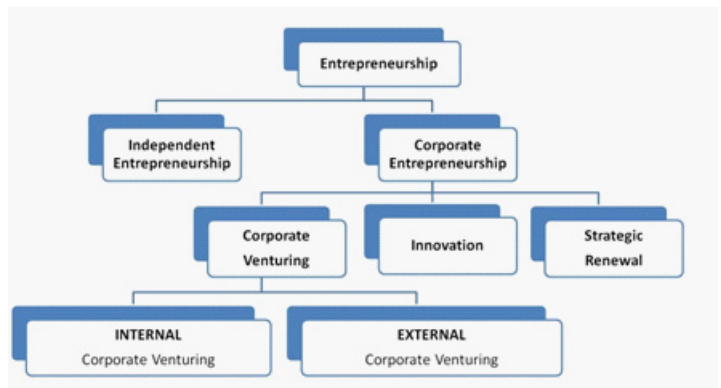


Figure 1. Adapted from: *Toward a reconciliation of the definitional issues in the field of Corporate Entrepreneurship*; Pramodita and Chrisman; *Entrepreneurship theory and practice*; 1999

Corporate Venturing will have external and internal components. The internal one deals with questions of structure, autonomy, budgeting, degree of relatedness, the extent of innovation and the nature of the sponsorship. The external side includes how to manage joint ventures, spin-offs, and venture capital initiatives of various kinds. This is just one way of conceptualizing it.

Corporate venturing however one defines it, is to obtain an innovation advantage by leveraging into organizational relationships to explore, apply or transfer, external knowledge from young technology based firms.

There are a lot of issues around the high uncertainty involved, leadership issues, alignment, etc. We can ask, why is this a corporate function? We can also ask: why do some firms pursue internal corporate venturing actively and what has been the success rate?

We do have some metrics concerning corporate venturing activity. According to the National Venture Capital Association, since 2002 corporate venture groups have participated in between 12.6% and 18.7% of all U.S. venture capital deals; and provided between 6.5% and 9.3% of all capital. In 2010, CVC groups provided 8.7% of the capital, the highest portion since 2002.

I am interested to see to what extent you would emphasize the various components of the corporate venture/strategy relationship. In some corporations, it's weak or not linked so the corporation fails to use much of the technology that develops internally. In the other approach, strategy really drives corporate venturing so the corporation uses strategy to learn about the technology or the market. In some cases it may be the other way round so that the corporate focus shifts the main business to emerging technologies which may be a highly reciprocal relationship, a symbiotic relationship, or it may be part of a strategy for reinvention. Think about CV as it relates to strategy, and share any strong feelings you may have about these issues.

Panel Insights

What are the Critical Issues in Corporate Venturing?

To help identify some of the topics that the interactive teams would be discussing during the team sessions, three distinguished panelists from the corporate venturing community were invited to present their perspectives and critical issues, based on their experience.

GENERAL MOTORS VENTURES, LLC

Sherwin Prior - *Managing Director, GM Ventures LLC*

GM Ventures was formed in June 2010 as the venture capital arm of General Motors. The group's mission is to identify, engage and build relationships with other venture capital firms, and early-to-mid stage technology-based companies. Our goal is to invest in innovative technologies related to the automotive/transportation sector.

The group is led by Jon Lauckner, GM Vice President and President, GM Ventures. Our team includes Tim Brumbaugh, Deputy Director, and four investment managers: Fernando Prieto, Anish Patel, Jerneja Loncar and John Hater

When we formed GM Ventures, we were looking for a way to differentiate our products by gaining a head start through investment in emerging technologies. We were set up as a separate LLC and funded by our parent company with an initial investment of \$100 million.

We know more about commercializing vehicles in the automotive industry than any IVC in the world, and our deep focus in the auto industry is one of our strengths. The sectors we are most interested in are automotive cleantech, infotainment, smart materials, other automotive related technologies such as advanced sensors, and innovations that will improve the value chain and traditional automotive business model.

The financial return from most VCs is an IRR based calculation, very straightforward. Our primary objective is not return on investment. Our primary objective is the return from the product or technology. So the simple measure of our 'return' is that the investments we make today show up in the vehicles of tomorrow, driving more sales and better profitability.

If I take \$5 million and put it into a startup, and let's say I can make it generate \$35 million, that's not a lot when you consider GM's annual revenue is \$135 billion. So the big payoff is not the financial return. The big payoff is having the best product that generates the most sales and the highest revenue and effectively, that's also a financial return.

In a strategic setting, something could be a perfect deal for us but for a number of reasons outside of GM Ventures, it may not get done. As Managing Director, I have received input from accounting people, tax people, legal people—they all have policies—since we are a leading organization for innovation within GM, we thought we may want to go outside the organization and get some ideas for what other corporate venture groups have done successfully.



INTEL CAPITAL

Ron D. Reich - Senior Director



Intel Capital is the world's largest corporate venture group. Our mission is to enhance Intel's strategic objectives by making and managing financially attractive investments—this has been our mission since I joined Intel Capital almost 12 years ago.

In the late 1990s, Intel was known as the building block supplier to the Internet economy. I joined during the dotcom bubble and we did 350 deals in 1999. Today we have about 70 investment professionals in 20 countries worldwide.

Our investments cover a broad spectrum of opportunities in many categories including: enterprise and the cloud, embedded and communications, software and services, mobility, digital home, consumer Internet, cleantech/greentech, and manufacturing & memory.

Typically, we take a minority stake of \$2 to \$10 million in a new deal (series B), although there are wide variations. In 2010 we did 119 deals and invested about \$327 million.

These included 12 IPOs and 17 acquisitions. Historically, Intel Capital has invested over \$10 billion in more than 1,140 companies, including more than a third outside North America. We maintain 26 Intel Capital offices to manage investments in 49 countries.

We invest directly off Intel's balance sheet. There are very few constraints on size, structure and instruments employed. We do some

budgeting for cash management and we think we know what we will do based on deal pipeline, but our planning exercise is very flexible.

Strategically, our deal categories can be characterized as: gap filler, ecosystem, market development and 'eyes and ears.' A gap filler investment may be something that is not developed internally but is pretty close to a product line and may involve licensing.

Intel is known for creating large markets so we think in terms of ecosystem investments. I have been involved in wireless for a number of years and you may remember when wifi became standard on laptops and now smart phones. Intel was strongly behind wifi and we are investing in lots of companies that are going to create more market demand and pull for wifi in Intel products. Another type of market expansion involves growth opportunities in emerging technologies. People are buying more powerful PCs in China, India, Brazil, Indonesia and other countries and are a source of market expansion for Intel.

And then there is the 'eyes and ears' strategy which might be the most germane to this conversation, which is to say, 'Wow, this is really cool technology, it's not anything we considered before, we may not have a specific business or company, but we want to get a real good look at what is going on here and have the option to invest more if it becomes more interesting to us.'

We recruit co-investors to complete investment rounds. We have an infrastructure in place for introducing our portfolio companies to large corporate investors, including an intranet with regular meetings that run across time zones, and an event we call Intel Technology Days. We also have an internal incubation group.

Over the years, our investments have returned a significant financial return to Intel, in addition to the strategic benefits. In the last few years we have been emphasizing financial deals as much as technology development, getting involved more in structuring and negotiating term sheets, and involving a syndicate of co-investors, so if we really like a deal we can help raise funding or help a company go public or help structure a merger or acquisition.

For this workshop discussion, here are some of the issues that are applicable to venture investing in a corporation, from my experience and observations:

- Degree of organizational integration within the corporation
(Fully integrated vs arms length)
- Not-Invented-Here (NIH) vs. elimination of ‘blind spots’
- Typical short term bias within business units
- Internal R&D and venture investment
- Steady flow of contradictions / conflicts
 - o Blending of business and equity agreements
 - o Portfolio company as an acquisition candidate

For those who are interested in learning more about our activities, you may consider attending the Intel Capital Global Summit on November 14-16, 2011.



One of the benefits of the “focused theme workshop” format is the ability to capture insights from managers who have relevant experience working with the workshop theme. Three breakout sessions provided opportunities for knowledge sharing of observations as well as recommendations.

REDSRIPT VENTURES (*Johnson & Johnson*)

Mark Laurenzi - *Senior Director*



RedScript Ventures is the business incubator and accelerator for select companies that have emergent health care solutions of strategic interest to the Johnson & Johnson Family of Companies. RedScript provides a strategic and collaborative resource intended to accelerate business development and get technology to market faster for the ventures in its portfolio by creating opportunities to access expertise that may not be available to other start-up companies.

As Senior Director of RedScript, Mark Laurenzi is responsible for new venture building and oversight, and performs a lead role in more fully defining and implementing program elements and related tools for use across the RedScript portfolio. Based upon his experience in building new businesses, he identified a range of issues and trade-offs that corporate development professionals should consider as they tailor the tools of business incubation to their particular enterprise. Here are a few issues that are often critical:

What is the primary goal of the incubator?

- Is the incubator intended to address early risk reduction for new concepts then hand them off to the corporation's R&D groups, or will it take development through to product launch? Will it employ different methods to pursue the same business goals as product development teams in the core business, or does it have totally separate and complementary objectives?
- What will success look like and how will the corporation measure it?

What is the incubator's business model?

- If you think of the incubator as a free-standing unit, what are the key drivers needed to succeed, as well as the constraints that must be addressed?
- How many projects or ventures are needed in this portfolio to achieve the overall objective?
- How will the incubator be managed, and are there specific methods that it will prescribe to its ventures?
- What legal and accounting issues must be settled before you "open for business" so that your parent corporation remains compliant with all applicable regulations and corporate policies?
- What level of funding is needed over a given time period before this business model can deliver results?

How will you select concepts to support in the incubator, and when do you terminate support?

- What process for soliciting and evaluating new concepts would work in your organization? Do the corporation's R&D groups serve as a feeder for these concepts, or is there a separate channel of prospects?
- If you intend to mimic the venture company model, can you commit to multi-year funding and tie additional funding to certain value inflection milestones? Who defines the venture's milestones and success criteria? Can these milestones be defined to justify a "go/no-go" decision for the venture? Who decides?
- How will the incubator interface with line management to align interests? If a venture is successful, will it be sure to find a home in the parent corporation? How will you respond to changes in corporate direction and strategy before the venture completes its work?
- What will you do with businesses that ultimately are not transferred – for whatever reason – to the parent corporation?

What management and governance structures for incubated businesses make sense in your organization?

- Would small, somewhat autonomous venture-like teams be allowed to exist and thrive? Who will provide budgets and resources to these businesses?
- Where would these businesses sit within the corporation and to whom would they report?
- Is it possible to set up a separate “board of directors” responsible for overall direction and oversight? Which stakeholders need to be represented on that board?
- Who within the corporation is ultimately accountable for businesses in the incubator?
- On what basis will you select employees to work in the venture environment?
- What skill sets – beyond functional capabilities – do employees need have to be successful in this environment?
- What is the ideal profile for a venture leader, and do you have individuals that meet that profile in your organization?
- Is a different compensation system needed to motivate these employees or compensate them for the additional risk they take on?
- Can a “venture culture” co-exist within the traditional corporate culture? Are there ways to provide some degree of separation?
- Can employees return to their former roles once the venture goes away and, if so, what are the potential transition issues?

Insights from Team Breakouts & General Discussion

A wide range of insights resulted from the workshop discussions. Following is a summary of the key insights from the team breakouts and general discussion, including observations and comments as well as recommendations:

Topic 1: How can corporate VCs (CVCs) work most effectively?

Shared Vision: As you size up a new technology you need to have the technical community involved, but each of these opportunities generates a debate about what is the vision, what is the focus and why are we trying to do this? As you get into specific domains or components people may be very precise in their thinking so it may not be a totally shared vision. There may be different and competing views. At the same time, you need to have faster decision making which requires more of a shared vision. It is an interesting paradox.

Value Proposition: What can corporate VCs do better than independent VCs? A key distinction is having an internal venture group that exploits the fact that they are technology based and have a privileged view, insight, and capabilities, and therefore can play the VC game better than the VCs. Another value proposition involves the ability to deploy the technology. The corporation helps the venture avoid getting it wrong so they don't get a black eye in the market. We know a lot about economic development and are realistic about the challenges and related issues.

Structure: Should corporate venturing be a separate entity alongside innovation and strategic renewal (*see chart*) or should it be under innovation, especially if the primary purpose is to identify and develop or acquire innovations?

The Corporate Venture Group as a Deal Flow Magnet: One view is that you have to be really early in the deal stream—that is, you got to be fishing in a good pond you know that is rich with fish and that is one reason why if you are well known you get the deals to come to you, which is an advantage that corporate venture groups can benefit from. Another way of looking at this is that in a crowded pond, you need to pick out the better fish. A third view says the corporate partner can add value and help shape the venture, to basically nourish and grow the fish and keep them healthy.

Specific vs. Open Focus: The trajectory isn't always totally linear. If you are very focused and very short term in your horizon, you may be too specific and actually give away the upsides and options that are embedded in the new technology, which would go in a very different direction if the focus was broader and more open. The value may not necessarily come from technological innovation, but from new ways of applying the existing technology. As you create value, you don't want to be too narrow or trapped in a presumed use of that technology.

Flexibility and Willingness to Change/Adapt: A recent presentation by Domain One discussed venture firms in the health care space and they said as they look at successful and less successful investments, what struck them is that the unsuccessful ones never changed their business model. So flexibility is a key component. Sometimes you know the original business plan is not going to happen but you still want to go through due diligence, or you may bet on the ability of the team to change itself or develop a viable business model.

C-Suite Sponsorship: How you organize the venture group is really important because separate from the business units they may have a relationship with the CEO or someone very high level who is saying, "This may be competitive" and actively supports the venture(s). Having C-suite endorsement for the venture group (ideally) or key long term ventures which require staying power, is a major plus. C-suite sponsors tend to have either a "financial perspective" focusing on financial returns, or a "technology development perspective" focusing more on strategic returns.

Transitioning In and Out of Corporate Ventures/Groups: Having worked in a venture is a badge that people can wear proudly and is a good thing for a career. However, being able to jump into a corporate venture knowing there is a chance it might fail or even worse, and being able to come back in and still go on escalating the career track is important. Also, capturing the knowledge from failures by keeping those people around adds to corporate wisdom and can improve future venture results.

The Not Invented Here Issue: R&D groups may resist investing in outside ventures. Increasingly, the NIH (not invented here) issue is becoming moot. An R&D manager may say 'I can do it better internally' but in many cases they no longer have the headcount to do it. If you look at Merck or Pfizer, at least half of the compounds probably came from outside because they do not have the discovery capacity to do it themselves.

Managing Entrepreneurs: Trying to manage entrepreneurs is something that we as a big company do not do well. I wish we could say we do everything well but we know we don't do that well. We can exert our influence when we need to, but we can't run these companies on a day-to-day basis. If we do that we may be spoiling what makes a startup company a startup company and what makes entrepreneurs what they are. Independent VCs are experienced at dealing with small embryonic companies and they are very good at changing management teams, evaluating teams and so forth. This is not a skill that come naturally to large multinational companies that run on processes. What we can do well is to help shape the venture, provide resources the entrepreneurs would otherwise not be able to access, and act as an accelerant.

Personal and Technology Mentoring: Many VCs go in and play the role of a mentor. How much mentoring should a CVC play? You have to separate mentoring individuals from mentoring the technology to facilitate commercialization. There is a lot we can do to mentor the company by providing access to experts, facilities, and to the engineering community. Who in the corporate venture group would mentor the CEO of the venture? Who is qualified? Soon you have a fight over who is the mentor to the CEO. And then the CEO leaves.

Topic 2: How can open innovation support internal venturing (e.g. tapping global resources outside your industry/market)?

Working Across Horizons: Whether you are doing Horizon One, Two or Three, you better know what you're doing so you have a clear sense of direction. The general sense of Horizon One is that it pulls in support for next year. Horizon Two is generally thought to be adjacencies where there is a significant market or technology

connection, which is a two or three year horizon. Horizon Three is farther out, involving a market concept that is not yet clearly defined. For Horizon Three, you don't hold the venture to short term financial returns.

Measuring Success: An important aspect is, how do you measure success? A major question is, are we doing this for strategic purposes as opposed to purely financial return? The measure of success depends entirely on what you want to accomplish.

How Much Control? How much control do we want to have over the partner in the open innovation structure? There are many ways to exercise control and influence. It may involve guidance, or a Board seat, or other approaches. The issue really boils down to, do we have a clear idea how hands-on you want to be as a partner, and how to give them access to the resources to help them succeed?

Moving the Dial: How do we satisfy corporate criteria for moving the dial when you are a big \$70-\$140 billion company and it's a very big dial? You know that \$10 million doesn't do it, but \$500 million may be unrealistic or very long term. If we try to push for a really massive long term revenue target, we are going to kill off a lot of really good ideas and that can be a great problem. One approach is to have a bunch of ideas that can combine into a large portfolio in a market space that is significant.

Managing Open Innovation: How do you manage open innovation? This depends what kind of company you are. If you have a centralized strategy like Procter and Gamble, it makes it very easy to manage this. If you have a lot of autonomous or independent business units, you need to decide where will the capabilities be located, and where do we have the best people for this? Of course, everyone will say 'we have the very best people' and that's probably written on the wall of every R&D unit—but by definition we can't have the very best people in all areas, otherwise it makes no sense to be investing in startup companies, although sometimes we don't have enough resources to cover everything which is an issue of quantity not quality. Often we need to invest in startup companies that are developing IP that's spun out from colleges and universities. So we have to admit that, in all areas, we don't have the very best people. In fact, in some areas we may need to look at redeploying people into areas we want to focus on, and using startups and other types of innovation to feed the other areas.

Lab to Market Issues: There is an inherent problem in central R&D organizations and the invention of technology, involving taking that technology and commercializing it to the benefit of the enterprise. The track record is mixed at best. Many people point out stories like Bell Labs that created all sorts of innovations and patents and won Nobel Prizes and so forth, but how much did they commercialize for AT&T? Xerox Parc is another example. Teams did all sorts of amazing innovations but how much was commercialized to the benefit of Xerox? This leads us to consider, what is the right amount of spending that should be invested in central R&D and how much should come from other sources? In the past twenty years, many innovations have come from smaller companies or outside the corporation. This is happening, and you better be connected.

Commercialization Issue: How can we essentially assure a small startup that we are actually going to take their technology, their IP, and bring it to market rather than lock it up and prevent someone else from getting it? Are there cases where our involvement is a learning exercise but won't result in commercializing the technology? In the case of many startups this complex issue would be a deal breaker.

Topic 3: How should internal venture initiatives be positioned and managed?

Positioning: How should the venture group be positioned in the organization? Is it positioned regionally, geographically, as a business unit?

P&L: Each venture unit has its own P&L. The venture should be run as a VC not as a "corporate project." Venture investments are not R&D projects, per se and R&D models don't apply.

Reporting Requirements: Is there a way to minimize some of the exogenous reporting requirements, better ways to structure the company?

In-House Resources: One of the recommendations was, when dealing with accounting, legal and tax groups, identify who from these groups is tagged to your project. You want to have one person in accounting and one person in legal, one person in tax, so you know who is going to be there for every deal. This is your main point of contact, the person you always go to. If they can't handle the workload because they are working on three, four or five deals that are closing at the same time, you need to have people you can reach out to either inside or outside the company.

Outside Experts: Consider using outside experts that can be helpful especially if venture capital is somewhat new to a traditional corporation, or if internal resources are strained by the deal flow or by other obligations.

Pipeline Communication: You want to make sure that the (accounting, legal, tax) groups understand the pipeline of deals, the top ten deals you're working on, which ones you think are going to happen this month, and so forth, so there are no surprises and they can actually get the work done for you. Identify alternate resources if needed to meet your timelines.

Visibility Risks: Visibility can actually be a risk. You need to consider the timing and exposure of the deals. Internally, you don't want someone stepping in and trying to kill your deal as you are moving along, due to political or turf issues, competition for resources or other factors. Outside the corporation, prematurely flagging your interest in a deal can draw in competitors to bid on that specific deal or to enter the sector you are pioneering.

Managing the Accountants: Properly accounting for ventures can be a challenge if the accountants are not familiar with venture accounting. Standard valuation models don't always apply.

Alignment of Goals: Try to avoid the misalignment of strategic management goals with the venture timeline. Sometimes Management wants to move faster than is reasonable for a specific type of investment. Also, some business units are a lot more open to innovation and new technologies than others, so the goals of the corporate venture need to be clearly aligned with the goals of that business unit, to facilitate the relationship.

Premature Commercialization: Turning over the innovation/technology too soon can result in certain business units trying to sell the idea before it's fully baked. Resist the pressure to speed up the "exit"/result.

Exiting Bad Investments: When is the best time to get out of a bad investment, and how do you communicate that to your staff? Try to identify metrics for pulling the plug based on milestones within the company, or milestones within the CVC.

Staffing Issues: Is it right to maintain a permanent staff or rotate employees in and out of your organization? The overall theme is that it's better to keep a strong set of employees in the group because a lot of value is based on relationships within the industry. Another issue is how to reconcile older executives with younger more technically savvy individuals, and manage those relationships. An approach used by one corporation is to assign younger employees to teach new technologies to older executives in a "reverse mentoring" program.

When to Pull the Plug? You are faced with a decision to fund the next round, or not. You don't want to pull the plug prematurely, because turnarounds can happen. But you also want to exit quickly if it's not going to succeed.

The Mack Center functions as a high-level corporate learning network, providing research based guidance and insights to firms competing in emerging technologies. Our faculty is constantly working to identify (and develop) new best practices and competitive strategies for senior decision makers. To explore how your organization can join the Mack Center as an industry partner, call or email us.

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