Universities as hubs of Innovation and Entrepreneurship

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We are at the cusp of a big change

India is at the cusp of big change with respect to the role of start-ups in economic development. In her 2022 Union Budget speech, the Finance Minister acknowledged this by saying, “Start-ups have emerged as drivers of growth for our economy. Over the past few years, the country has seen a manifold increase in successful start-ups”.

The Economic Survey 2021-22, that was published a day before the budget, proudly stated that India has become the third-largest start-up ecosystem in the world after the US and China. With over 61,400 start-ups recognised by the Department for Promotion of Industry and Internal Trade (DPIIT), and a total unicorn tally of 83, India is clearly a force to reckon with. The market acceptance of start-ups was also evident from the fact that, in April-November 2021, Rs 89,066 crore was raised by start-ups through 75 IPO issues, much higher than in any year in the last decade.

Another fact that the Survey revealed, that 555 districts in India had at least one new start-up, is an important indicator of the rapid trickle-down effect of the start-up phenomenon. The economy is being positively impacted across the board by the technology-enabled innovations of start-ups, and this is not limited to the more-visible and glamorous aspects of our daily lives, e.g. online shopping or gaming or entertainment. Sectors like transportation, logistics, agriculture, environment, healthcare, education, financial services are all seeing this impact.

Besides privately-delivered venture capital funding, many government departments and ministries are playing a stellar role in this transformation. These include DPIIT (Department for Promotion of Industry & Internal Trade), DST (Department of Science & Technology), DBT (Department of Biotechnology), and MeitY (Ministry of Electronics & Information Technology).

Tomorrow's best universities are undergoing a rapid transformation

In 2013-14, an interesting trend was revealed. The 'Pitchbook Report' ranks colleges & universities globally for the number of Venture Capital-backed undergraduate start-ups their students have created. Stanford, MIT, and UC Berkeley occupied the first three places, and IITs (collectively) were ranked #4 globally in this report. However, many of these IIT graduates were doing this outside India, often in the US.

It was around this time that India started transforming its start-up sector. The government launched the Startup India scheme, and many ministries and departments introduced their own specific programs, as did many state governments. The widespread expansion of start-up incubators (supported by DST or DBT) brought these opportunities closer to students across the country, especially at IITs, NITs, and several national research centres. This percolated widely and deeply, and many more educational institutions aspired to become centres of innovation and entrepreneurship.

Youth is at the forefront of demanding this change

Today's young generation is aspirational and highly aware of global and local trends. They know that the most exciting jobs are in the start-up sector. They also know that many start-ups are creating products and services that transform the world we live in. They want to be part of this journey.

In 2017, we polled several hundred start-up founders to learn out what motivated them to become entrepreneurs. Their # 1 reason: “I was restless. I wanted to do something significant, and help make a difference to society.” The # 2 reason was: “I didn’t want to be a corporate slave. I wanted to be my own boss.”

This has taken the start-up sector higher in the pecking order for today’s youth. Civil services remain the top preference for many, but creating a start-up or working at a start-up is now ranked#2, and is certainly a badge of honour. Its preference is higher than working in a private sector or MNC job.

This is a timely development because India needs to create millions of jobs each year to meet the aspirations of 10-12M new entrants who enter the workforce each year. Using a simple metric, 'Jobs per crore of capital deployed' (JPCCD), our preliminary analysis shows that India’s start-ups are creating jobs in a more capital-efficient manner compared to both public and private sector companies in the manufacturing and services sectors. So, India’s start-ups are not only solving real development issues, but they are also creating many jobs,

Benefits for Universities

There is a broad acceptance across the world that universities stand to gain by becoming, and by being seen as, hubs of innovation and entrepreneurship.

The three clear benefits are- better student admissions; better placements; and better faculty. It helps better-quality student admissions because students want to be on campuses that have the buzz of innovation and entrepreneurship. This image and reputation rub off on career placements because employers (both traditional ones, and start-ups) recognize such campuses as being good places to hire innovative students. Faculty want to be at universities where their research and IP can be commercialised, and be backed by multiple sources of funding.

These strong reasons practically make it necessary for every university to undertake the journey towards becoming an innovation and entrepreneurship hub.

Challenges & Roadblocks for Universities

While most Management Committees are aware of the benefits, but they are often unclear about the challenges involved in working towards making their University an innovation and entrepreneurship hub. As a result, many universities make slow and patchy progress in this journey.

The four main challenges are: (a) Piece-meal thinking; (b) Low involvement of key stakeholders; (c) Insufficient clarity with regard to vision, strategy, and implementation plan; (d) Inadequate resource & budget allocation.

Piece-meal thinking: Many universities and colleges organise high-profile Start-Up Festivals, Business Plan competitions & Hackathons on their campuses at least once a year. These events get a lot of attention, energy & money, but the impact remains short-term. These colleges often have active Entrepreneurship Cells- alongside other Hobby Clubs – that are responsible for these events, but long-term continuity becomes a problem as new students come in each year.

Some campuses also have start-up incubators, but any honest assessment will reveal that barring (say) the top ten incubators in the country, the rest tend to be mediocre, and they plod along without really making a big impact on the university. Piece-meal thinking centered around a few high-profile annual events and a weak incubator is very unlikely to produce the desired outcomes.

To create a world-class innovation and entrepreneurship hub, a more robust and integrated approach is required. Not piece-meal efforts.

Low involvement of key stakeholders: Students, faculty, and alumni are three big groups of stakeholders whose involvement can make or mark the success of these efforts. At many universities, this involvement is weak. The university's programs and efforts have to inspire students and make them want to not just participate, but also actively contribute to their success. The creation of a Student Entrepreneurship Policy and linkages to the university's curriculum and placement programs are key elements that are often missing. Likewise, the faculty's teaching and research need to find linkages with the university's plans for innovation and entrepreneurship, usually through a Faculty Entrepreneurship Policy. Alumni have a big role to play through mentoring, angel investing, and placement opportunities and most universities don't do well on this front.

Insufficient clarity around vision, strategy, and implementation: Most universities don't debate enough to lay out a clear vision with respect to innovation & entrepreneurship. In the absence of this clarity, it's hard for a coherent strategy to emerge, and as a result, piece-meal efforts happen.

Inadequate resource and budget allocation: Without assigning competent people to drive these efforts, and in the absence of adequate budgets, universities see weak outcomes, and everyone loses interest.

Need for clear vision, an integrated strategy, and a practical implementation plan

Vision: At the outset, university management and key stakeholders must spend enough time discussing these basic questions: why do we want to do this? What do we want these efforts to lead to? What are our university's core competencies? What problems in our city, region, state, or country can we help to solve? What makes us uniquely poised to solve these?

Integrated Strategy: Once key stakeholders have agreed on a core vision and documented it, an integrated strategy can be developed. There are six different aspects of this strategy framework 'puzzle' that need to be spelled out: (a) 'Business-As-Usual': what are those things that are already happening reasonably well at the university? (b) What are the 'low-hanging fruits' that need immediate attention? (c) What is special or unique or problematic about our university location? (d) What foundational work needs to be done upfront with respect to engaging students, faculty & alumni? (e) Ecosystem development: how to build a mentoring network, investor connect, and government connects? (f) Who else can we collaborate with for synergies?

Practical Implementation Plan: A well-balanced plan will lay out how exactly each element of the integrated strategy will be implemented in the short-term (current or upcoming academic year), medium-term (next two academic years), and long-term (next five years).

Two simultaneous ways to get started soon

Pathway (1): To truly create a world-class innovation and entrepreneurship hub (that attracts better students, placements, and faculty), a concerted and well-planned effort is required. This calls for constituting a task force for developing the university's vision, integrated strategy, and practical implementation plan. Senior members of the University's Management Committee should definitely be part of this task force so that the planning process has the right level of authority and seriousness. Active and robust discussions within the task force will lead to the right outcomes.

Pathway (2): While the task force ideates and develops the right vision, strategy, and implementation plan that will deliver real impact over the medium and long term, it would be important to plan short-term actions and programs that can be implemented in this academic year, and deliver visible outcomes that provide confidence.

How I3G can help you with this?

I3G Advisory can help your university with both the pathways described earlier.

- As an advisor & facilitator for Pathway (1): I3G will work closely with the University through the year helping to develop the vision, an integrated strategy, and a practical implementation plan. This will help the university lay the foundation for a world-class innovation and entrepreneurship hub

- As a facilitator for two short-term programs under Pathway (2):

    - Short-term program (a): 'Fast-track Startup' Program: A three-month program for up to 25 students that provides the right mix of foundational skills and practical start-up creation experience so that students can launch their own venture.

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    - Short-term program (b): 'Start-up Placement Readiness' Program: A six-session program for up to 50 students that provides the right mix of start-up know-how, job matching, and interview preparation skills so that students can confidently pitch for attractive start-up jobs.

For more information, please contact:
Srikant Sastri, Chairperson, I3G Advisory Network
Email: Srikant@i3gan.com