

Title: “Academic Entrepreneurship: University Spinoffs and Wealth Creation”

Author: Scott A. Shane

Publisher: Edward Elgar Publishing, (2004)

Length: 335 pages

Reading time: 4 hours

Reading rating: 2 (1 = very difficult; 10 = very easy)

Overall rating: 4 (1 = average; 4 = outstanding)

During the past several years there have been several articles in the *Asheville Citizens – Times* regarding the advent of Western Carolina University’s Millennial Initiative. One of the hoped for results from the Millennial Initiative is that it will house new ventures and the jobs that go along with sustainable companies. One of the sources for these new ventures hopefully will be the formation of spinoff companies that commercialize innovations developed by the University’s faculty, staff, and students.

The motivation to write this review of Scott Shane’s book is to provide some specific information regarding the positive advantages offered by university spinoffs. Scott Shane, author of *Academic Entrepreneurship: University Spinoffs and Wealth Creation* defines a university spinoff “as a new company founded to exploit a piece of intellectual property created in an academic institution.” Hopefully those involved with the creation of jobs in the western North Carolina region will find the information in this book to be a catalyst for discussions about the process of supporting spinoffs in our region.

According to the author, the “(P)urpose of this book is to describe and explain the formation of university spinoff companies and account for their role in the commercialization of university technology and wealth creation.” In accomplishing his task, Shane makes a well-reasoned case that ties spinoffs to scholarly investigation while describing the history of university spinoff activity. The author offers evidence that four factors influence the level of spinoff activity: the university and societal environment; the nature of technology being pursued; the industries in which spinoffs will operate; and the people involved in the spinoff activity. The book describes the process of spinoff company activity, especially at Massachusetts Institute of Technology, the source of most of the author’s data. Finally, there is a discussion concerning the factors that enhance the potential performance of a spinoff and the effects successful spinoffs have on the university that spawns them.

One of the questions posed in the book is why should those living in proximity to a university be concerned with spinoff companies utilizing university intellectual property? Shane offers several important reasons for spinoffs having value. Of high interest is the potential for spinoffs to have a positive impact on the area’s economy. For instance, research shows that an average spinoff generates 83 new jobs, a much higher rate than do other new companies. And as a sustainable new venture, a spinoff contributes to local economies by purchasing goods a services and by attracting other companies involving the same technology – clustering.

Spinoffs are important to the university where they occur because they help the university in achieving its mission of scholarly research, teaching and community engagement. For example, spinoffs provide funding for additional research that attracts and retains productive faculty. Shane's research for his book shows faculty engaged in entrepreneurial activities, like spinoffs, increase the productivity of those involved in research activities. Also, university spinoffs benefit the students by contributing to their education and training.

Another question asked by the author is why spinoff activity varies from one university to another? One of the key differences in spinoff activity is the availability of external capital to support the technologies being developed by spinoff ventures. As demonstrated by the spinoff activity at MIT, those universities where capital is more readily available tend to have greater potential at attracting entrepreneurs engaging in spinoff activity which attracts even more capital. The need for Western Carolina University to develop pre-seed and seed stage sources of capital will greatly improve the chances for spinoff activity. Another environmental factor that influences the level of spinoff activity is the composition of the types of businesses in the area. Again, there is a need to populate the area around the University with technology-related companies in order to increase interest in research.

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