

**Notes for Remarks
Atlantic Association of Universities
Conference on the Changing Role of Universities**

**Research, Commercialization, and Partnership
A Business View**

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(Check Against Delivery)

Mr. Chairman, Ladies and Gentlemen:

I begin by bringing you greetings on behalf of the Chamber of Commerce movement in Atlantic Canada, and on behalf of the Chamber's Innovation Council. Our Atlantic Chamber President, Dianne Kellerman, has asked that I express her regrets at being personally unable to be present, and to express her wish, and the Chamber's wish, that the deliberations today will be a productive contribution to the continuing dialogue on the new economy and its future in the Atlantic Region.

At the last annual general meeting of the Atlantic Provinces Chamber of Commerce on Prince Edward Island in June of last year, the membership provided very clear direction on the priority areas for Atlantic Canadian Business. When Peter asked me to do this chore, I told him I would on one condition, that being that I could talk about partnership. It is, I believe, one of the most compelling imperatives as the Knowledge Economy matures in Atlantic Canada.

As a background for what I want to say about partnership, I'd like to speak briefly about each of the business priorities established by the Atlantic Provinces Chamber of Commerce.

The top priority in the mind of the business community is access to capital. This has been a long standing issue for business in this region, particularly for small business. In the oft quoted biblical precept from the Book of Ecclesiastes (Chapter 3), we are reminded that there is a time for every purpose under heaven. APCC believes strongly that now is the time for action with respect to this region's need for capital. Determined efforts are underway to build a business owned and business sponsored capital fund in and for the Atlantic Region.

Just as important is the need for strengthening both the size and the capacity of our human capital. The APCC has been studying ways to build the human resource capacity of the region by retaining the best and brightest of our young minds, bringing back to the region those who, for whatever reason, have left Atlantic Canada to pursue careers in various sectors, and opening our borders to increased levels of immigration so that we can expand the capacity and the scope of our learning and working environments.

Building the essential elements of human and financial capital requires that we also expand our economic boundaries and embrace the new region of Atlantica. A new council, under the aegis of the Atlantic Provinces Chamber of Commerce, is engaged in the effort to reposition Atlantic Canadian business. Atlantica has the capacity to place this region solidly in the middle of all of the business and economic activity emanating from new strategic alliances including those represented by the North American Free Trade Agreement and the European Union. These are increasingly important initiatives as we all embrace the emerging global reality.

Underpinning these strategic imperatives is the absolute need for our region to be innovative. Understanding that need, the Atlantic Province's Chamber of Commerce has given formation to a new, region wide innovation council. With members from each of the four Atlantic Canadian Provinces, the Innovation Council is dedicated to enhancing, promoting and maximizing innovation opportunities for Atlantic Canada. We have recently recruited, as members of the Council, two leaders from the Atlantic University community in the persons of Wade MacLauchlan, President of the University of Prince Edward Island and immediate past chair of the Atlantic Association of Universities, and David Gough, President and CEO of GINI University Services Inc. at Dalhousie University here in Halifax.

With bold thinking, passion, and conviction, the Innovation Council will form strategic networks and alliances designed to influence a change of attitude and culture with untold impacts on business and economic innovation in Atlantic Canada. Our goal is that this region, already on the move, will become recognized as the dominant leader in Canadian Innovation. We will see the results of that leadership in commercialization and the resulting wealth and the resulting employment. It is important to note that the importance of the order – the sequencing. Our commitment is to ensure that the business sector of Atlantic Canada, to a much greater extent than it has already, will come to see and embrace innovation and understand that it will be an absolute requirement for future productivity and profitability. In the words of Progress Corp’s Neville Gilfoy who was Chair of the Atlantic Chamber when the Innovation Council was conceived, and who still represents the Chamber Board on the Council “Educational Institutions offer ideas and research that can be turned into wealth, but it takes business to effect the transaction.” (Progress Magazine, January February 2004, page 12.) When discussing the topic for today with Dr. Roberta MacDonald, Dean of the School of Business Administration at U.P.E.I. we referred to the business community. Her comment was that we (referring to U.P.E.I. in particular and universities in general) have never been better connected, but you could hardly refer to what we have as a partnership”.

As the Chamber’s engagement in the Innovation Agenda has evolved, the business community in Atlantic Canada has become even more convinced that there is every reason to see a bright and more independent future for Atlantic Canada. The foundation for that future isn’t as complex as we might believe. I say that because complexity is often used as an excuse for not getting it done. It is simply to be had by building our financial and human capacity to operate in an enhanced economic region with a new and sustained creative and innovative will. It is as simple as that, as long as we find ways to do it as an integrated partnership.

In the past two months, since taking on the role of facilitator/advisor for the Innovation Council, I have been consulting in all four Provinces with council members and potential partners. Next week, here in Halifax, the Council will be considering a new three part strategy designed to bring focus to its efforts. The pillars of the strategy underline the main message I would like to deliver and have discussed this morning. The pillars are engagement, readiness, and communication.

As a business community we know that we need to be engaged as we have never been before in the change that will create wealth in this region. We know that we have to enhance our organizations and companies to a new level of readiness, if we are to access the required human and financial capital. We know that communications will be an integral part of the process. We also know that none of it can happen without effective partnerships.

In talking to leaders in the government and university community, many have said that there is a new and important business relationship between the two, while acknowledging that the same is not true of the relationship that either share with the private sector. At the same time I heard cautions from each. The advice was that, in trying to create the appropriate role for business, I'd best be careful about how I tried to involve governments and universities.

I came away absolutely convinced that we all need to dedicate our efforts to a significant three part partnership – government, business, and higher education. I am further convinced that one of the main reasons we are not there is that we are being too careful with each other. Building the partnership means that we all have to be prepared to take some risk, to expose our turf, to be more open and honest about the challenges, and to put our brains and experience together creatively and innovatively.

If that kind of mature and creative partnership is possible, then the pillars will work. We will become engaged. We will get ourselves ready for the future. We will communicate with the broader constituencies that we all share to some extent. We will be able to pursue research and commercialization and make a real difference in the economy of Atlantic Canada.

At the same time, if we cannot partner in this way, then we will have demonstrated that much of how we are perceived by others, and much of what we believe about ourselves, is indeed true. We will have proven that we don't have the capacity, the entrepreneurship, and the guts to pull ourselves out of dependency. I wouldn't be here today, nor would the Atlantic Provinces Chamber of Commerce be doing what it is doing, if we did not collectively believe that we can make this transition, that there is a measure of social and economic prosperity available for all of us to seize, and that now is the time.

In the discussion that will follow, I hope we will be able to focus to some extent on that partnership. To help us do that, I want to develop the thought a little more. Leonard Greenhalgh, author of *"Managing Strategic Relationships: the Key to Business Success"* makes the claim that the most significant factor in organizational success in the twenty first century is the extent to which the organization successfully supports, fosters and protects collaborative relations, both inside and outside the firm. I venture to suggest that the same can be said about governments and universities. I start with the basic premise that governments, business, and higher education must create a strategic partnership that is characterized by what Greenhalgh believes is key to strategic partnerships in business itself:

- **Firstly, Greenhalgh calls for recognition that detailed and extensive legal contracts can undermine trust and goodwill. He stresses the need to build relationships that are based on honesty, trust, understanding, and common goals instead of narrowly defined legal contracts that concentrate on what one partner can give to the other. As a former Deputy Minister who has been extensively involved in various intergovernmental discussions, I understand how hard that will be in the current environment of Auditor's General, sponsorship scandals, and ever declining public confidence in "politicians".**

- **Secondly, Greenhalgh calls for the practice of treating your partners as if they were members of your own organization, including them as active participants in the learning experience with a real chance to make genuine contributions. I can see that calling for some intriguing discussions in the academic community.**

- **Finally, we need leaders who are prepared to step out and be champions for the alliance, and show real commitment to the partnership communicating its strategic importance. We need to find these champions in Government, in Universities, and in the Private Sector.**

We are indeed talking about new levels of trust, honesty and openness, new ways of dealing with each other, and gutsy champions for doing it together. Robert Daft, in what has become the generally accepted text for undergraduate and graduate courses on Organization Theory and Design, puts it this way:

To succeed in today's environment, old paradigm management practices based on power, hierarchy, and adversarial relationships must be traded for new era commonwealth practices that emphasize collaboration and communal forms of organization.

(Greenhalgh's Book and the above quote are referenced in "Organization Theory and Design, 8th Edition, published by South-Western, a division of Thomson Learning, 2004. Page 181.)

I maintain that the same is true of the partnership required in Atlantic Canada if we are to truly coalesce around a research, commercialization and innovation agenda.

The same point is made with specific reference to Atlantic Canada in a recently completed extensive analysis of Innovation in Atlantic Canada published with support from the Atlantic Canada Opportunities Agency by the Canadian Institute for Research on Regional Development. One of the main points that the authors, Yves Bourgeois and Samuel LeBlanc make in their conclusion is quoted as follows:

Therefore, economic success isn't just the result of targeting high tech industries, or increasing the knowledge intensity of firms, or improving their research capacities. The challenge is to recognize and improve the quality of the linkages between the numerous regional stakeholders by which local knowledge is diffused and to match those linkages with local strengths and competitive advantages. Achieving this will improve a region's learning and innovation capabilities as well as its long term ability to adopt, adapt, develop, and commercialize valuable ideas. Success means keeping pace and moving ahead of the learning curve, and this applies to all firms across all sectors, to traditional as well as to high tech industries.

(Maritime Series – Monographs – Innovation in Atlantic Canada. Authors Yves Bourgeois and Samuel Leblanc. The Canadian Institute for Research on Regional Development. 2002. Page 175.)

High on the list of the stakeholders referred to in this analysis are governments and universities. The essential partners are government, institutions of higher education, and business. Not one of them can afford to dream that they can approach the task without the others. This is a partnership that requires all to be at the table.

Where does all of this fit with the overall theme of this conference? How does it require Universities to think about changing their role? I warn you that I am about to be sacrilegious. I am one who would argue that there are no fundamental ways in which universities have to change. Universities, after all, are about the business of creating and communicating knowledge, and we need them to continue to be about that business with as much quality and excellence as they can muster.

In an extraordinary example of leadership, Alex Campbell, a former premier of Prince Edward Island, when announcing the creation of the University of Prince Edward put the two foundations a little differently. He called upon the new Island University, at that time still undefined, to teach students well and to contribute to the economy of the Province. He didn't say it, but perhaps before its time he was seeing the connection between what Universities could discover as knowledge and the economy in which they operate. In any event, we surely still require of our universities the diligent pursuit of truth and knowledge, and the effective communication of that to students, both young and old. That surely is still fundamental.

Two things though have changed, I believe, things that are not fundamental but things that are nevertheless important to this discussion. The first is about how universities and their constituents see the outcome of learning, and the second is about the newly understood role of what is known.

Universities, at various times in their history, have struggled with the difference between traditional liberal approaches to the humanities, arts, and sciences, and the specific training of students for professional disciplines. I contend that the skills of critical thinking, inquiry, and communication that are the objects of liberal education will be more and more recognized as of fundamental importance within the knowledge economy. Rather than fearing relegation to second place, these traditional higher education goals are now challenging those responsible for preparing students for the professional disciplines to place more focus on integrating such attitudes of learning into their own curricula.

When Dr. C.W.J. Eliot was installed as the President of U.P.E.I. such debate was alive and well on campus. Relying on his classical and scholarly training, Dr. Eliot referred to a former President of Harvard, another Charles Eliot, who claimed the necessity for having them both and having them well. We must also agree that we can expect of Universities nothing less than high standards of professional training for those who choose that path. At the same time universities must aim to provide all of their graduates with the capacity for critical inquiry, thought, and communication generally accepted as principle aims of the humanities, arts and sciences.

The second point deals with the role of what is known. Knowledge is still knowledge, but it now is accepted as having a different if not a higher value. Some refer to it as having been commodified – knowledge is itself thought of as a product – not just an input – thus the new paradigm of the knowledge economy.

In such an economy universities are contributors in a way in which they have never been to the same extent or in the same way. As contributors they are, in a different way, critical partners with government and business in the process of building economies and social environments. The role of what is known has changed dramatically – it has taken on new significance.

That new significance has required universities to be intimately connected with their communities. That new significance has changed the nature of their relationship with governments and business. The ivory tower, whether real or perceived, is crumbling and that is indeed as it should be.

It is also important, having said that, to make an important point about finger pointing. In this new world of collaboration and partnership there is no room for us to be blaming the other fellow. We all need to look at ourselves. All of us could be advised to look in the mirror in searching for the enemy.

Having done so, let us all collectively and with wisdom and concern turn our attention to working together to build new collaboration.

In a recent issue of Progress Magazine, the Atlantic Provinces Economic Council points to a new agenda for prosperity built around three areas of focus – each of which are within the constituency of government. While the ideas themselves have merit, establishing an integrated science and technology partnership, increasing incentives for investment activity, and redefining the role for ACOA, I would say their largely government based focus sends a wrong message. The messages need to fundamentally call us to partnership.

(Progress Magazine – September 2004. “APEC benchmark Report – An Agenda for Prosperity by Elizabeth Beale – Pages 99 – 102).

I am one among other business persons who has been guilty of wanting government out of the way at times. As I say mea culpa, I acknowledge that their role is critical, but they cannot be all things to all people, nor can they do it alone. They must, first and foremost, be partners. For our part, business has to find a way to get past the problem of being up to their ass in alligators and forgetting that their initial objective was to drain the swamp.

As true as it is and feels, business must find a viable way to get to the table – a final resolution is not possible without their active participation. That is why the Atlantic Provinces Chamber of Commerce is vigorously seizing the reins, preferably with all the right partners, to make some fundamental changes in attitude, capacity and market, changes that will long serve the economy of this region.

In many discussions in which I have participated we end up concluding that we need more government – I say we need less government until government involvement becomes part of a true partnership – we need to put an end to funding and replace it with investment.

In our Innovation Council we are attempting to take a broad view of innovation, not restricting it to the creation of new ideas which can be the basis for commercial products. We think that innovation refers also to the process by which the society and economy operates.

An example is to be found in the capitalization debate that I spoke of earlier. There are many theories about why Atlantic Canadian Companies are undercapitalized and about what should be done to address that need. Some believe there is little capital interested in Atlantic Canada. Others believe that Atlantic Canadian firms are not either ready or perceived to be ready to participate successfully in the venture capital game. And there are other possibilities.

As my father used to advise me when I would be passionately taking sides in some public policy debate, “there’s probably truth in all them stories”. What we need from the partnership is some capacity to understand the process.

If governance is an issue that is limiting our access to capital, than how can we together address it? The School of Business Administration at U.P.E.I. has done a great deal of work to address this issue through a potential new institute on governance.

At Saint Mary's, they have decided to launch a new Institute on Spirituality and the Workplace, seeing the relationship between work and a sense of meaning and purpose for those involved in workplaces, as being essential elements of organizational well being and creativity. And the list could go on. My point is merely that we must be wide open in our approach to innovation – we must be innovative in the very act of promoting innovation, and making sure that it leads to commercialization and wealth and employment.

Finally, we are well advised to take seriously the position of the Canadian Advanced Technology Alliance, (known as CATA) that the market remains critical. There is no commercialization, and there will be no sustainable climate of balanced corporate and public investment, if, at the end of the day, there is not a sufficient market response.

And so, Ladies and Gentlemen, I place before you a number of ideas:

- Universities must continue on the road of discovering and communicating knowledge.**
- Corporate Atlantic Canada and Government also has an important role to play in furthering research, and in moving it to the stage of viable commercialization.**
- It will all require both financial and human capital - money and people are basic ingredients in the recipe.**
- We have to think outside the box that we currently define as our region.**
- Innovation is an important key to success.**

- **Commercialization is where the rubber hits the road, and the road leads to the market place – we can never forget that the market response is the ultimate evaluation.**
- **There is reason to be hopeful and optimistic about Atlantic Canada.**
- **A lot of the hope and optimism goes away unless we all get better at working together – unless government, business and the private sector are committed to real partnerships clearly focused and ready to get the hard work done.**

I want to end by paraphrasing words quoted in the CATA paper entitled *Turning Ideas into Prosperity – Commercialization: the Canadian Challenge*. The words are taken from Leonard’s Brody’s work “Innovation Nation”. Originally meant to refer to all of Canada, I have rephrased them to refer to Atlantic Canada. As rephrased, they are a statement of hope:

Excellent examples are found in developing companies such as Diagnostic Chemicals in Prince Edward Island, Newfound Genomics in Newfoundland, Ocean Nutrition in Nova Scotia and the Alt Group of Companies in the Mirimichi. There are many more noteworthy examples. In this development, Atlantic Canadians have blazed trails in the world’s most innovative companies.

Demonstrating innovative thinking and entrepreneurial drive, these Atlantic Canadians are showing themselves to be the leaders of today and tomorrow. Through people like these, Atlantic Canada has helped shape the thinking of business. With strong qualities, Atlantic Canada has the foundation for the infrastructure necessary to continue fostering such leadership and emerge as a leading part of the world’s “Innovation Nation.”

(paraphrased quote of Leonard Brody “Innovation Nation” from “Turning Ideas into Prosperity – Commercialization – the Canadian Challenge” published by the Canadian Advanced Technology Alliance – 2003 page 23).

I look forward to the discussion following the break.