

Submission to the Members of the House of Commons Standing Committee on Finance

August 12, 2011

Dr. Roseann O'Reilly Runte
President, Carleton University

Executive Summary

We propose adding a strong entrepreneurial component to higher education by bringing together ideas and means, knowledge and experience, youth and ambition, students, researchers, business leaders, community members to create a the synergies, energy and commitment necessary to promote economic development. Calculating return on such an investment, we believe that this will bring a 120% single annual return and 3,000% on annuity value.

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Dear Members of the House of Commons Standing Committee on Finance,

I am confident that we all agree that investment in higher education is one of the best investments the government can make for the future of the nation. Today, I will argue that an investment in an entrepreneurial education is even better.

Having lived and worked in the United States, I note a very significant difference between the best universities in the United States, such as Stanford and MIT and our fine universities in Canada. At Stanford and MIT students are expected to start at least two companies before they graduate. Alumni are expected to mentor these students and to fund at least one student start-up company a year. Faculty members, themselves, offer such fine examples of entrepreneurship that the salary they receive at the university represents a minute portion of their total annual revenue. This is not the case in Canada. If faculty members have companies they do not speak of them. If students start companies they are in the minority. Many universities in the United States run incubators in partnership with the government. Many universities in the United States have significant angel investment funds which allow them to encourage the growth of new enterprises. Many also have not only offices of research development but others which match intellectual property with enterprises and offer an environment which creates the synergies required to spark economic growth. This is not the case in Canada. If faculty members have companies, they do not speak of them. If students start companies, they are in the minority.

Small and medium-sized businesses are the backbone of employment and our economy. We need to increase their number through start ups. We also know that start-up companies based on competent research and run by creative people who understand business have a greater chance of success. We also observe that it is fairly frequent for Canadian businesses to expand into the mid range and then stop. They lack the skills, capital, relationships, motivation and/or knowledge required to increase their volume of business. Too few Canadian companies are significant players in the global marketplace.

Universities have the demonstrated capacity to create an environment where the spirit of entrepreneurship flourishes. They can teach the most appropriate business and managerial skills for the new economy while bringing together ideas and solid research, innovative students and wise investors. At Carleton University faculty members already work to create a new mind set among students and improved capacity for development in the community. In 2011 alone, Carleton was responsible for 75 active start ups in the Ottawa-Gatineau region, joint ventures with Campagnas Sao Paulo, Brazil, Odense, Denmark and Jiangsu, China. At the same time, all students in the university from all disciplines competed in an "ideas to change the world" contest. Business students from across the nation were invited to plan businesses and were given the means to see their plans take shape. Teams of students and professors were invited to propose enterprises to visiting angel investors from the United States. Twelve faculty members combined their research with development, through companies for which they themselves are responsible. Community members are mentoring science students with potential business development concepts. Alumni are investing in the next generation of student entrepreneurs. The faculty members have created a minor in entrepreneurship which can be combined with any major in any discipline offered at Carleton University. This is quite impressive. But we could do much more. Our Ideas Greenhouse™ is fertile ground for brilliant minds, innovative concepts and the energy born of youth (youthful spirits at least) and desire to succeed.

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Many countries around the world are supporting universities in their efforts to launch and grow businesses and to contribute to their regional economies. In Canada, the mission of universities has expanded over the years. From teaching-oriented institutions, universities became research engines and leaders in civic engagement and social responsibility. Today we perceive this expanded role as possible, natural and necessary. The challenge is to fund another activity which lies outside the expectations of those paying tuition and provincial governments supporting classroom activities. This new role requires a significant, federal investment and promises an extraordinary return, far exceeding the value of the initial investment.


This submission has but one recommendation: support for the entrepreneurial mission of post secondary institutions. This could take several forms: 1) funding to the national granting councils which links research with its socio-economic impact. In particular, some of the new programs for innovation offered by the Councils and programs which encourage matching funds from the private sector are particularly beneficial in this context; 2) seed funds to post-secondary institutions for infrastructure to start building regional and international bridges for trade and joint enterprises with particular focus on emerging markets and "BRIC" countries (these funds could be for a period of 3 to 5 years by which time these projects should become self funding and sustainable) ; 3) funding for a national entrepreneurship contest run by Carleton's Ideas Greenhouse™. The federal government should fund Carleton's Ideas Greenhouse to examine what is possible to achieve in Canada. This contest would bring together entrepreneurs as judges and select the 10 best ideas for development each year in Canada. Each winner would be given space at a university and the prize for winning would be \$50,000 to develop a prototype which adds value to the IP. These would be marketed internationally but since the contest winners would agree to share IP with the Government of Canada, the Government could require that the purchaser agree to develop the concept in Canada first. This would create sustainable companies and jobs. The Government invests today in small business development but not all the investments pay off. In this case, the Government would invest in sure winners. Good news stories across the country would fire people's imaginations and a new spirit of entrepreneurial innovation would become sustainable within itself.

Carleton's Ideas Greenhouse™ will reduce the divide between student entrepreneurs and first customers. It will bring together opportunities, capital, energy and knowledge in ways that will develop our regions across the country. There is a sense of urgency for all of us to invest in entrepreneurship to benefit students and recent graduates of post-secondary institutions across Canada. We must provide strong leadership and committed stewardship to promote a culture that encourages entrepreneurship in our youth.

We calculate that the rate of return on your investment will be 3000% based on annuity value and 120% based on single annual return.

Thank you for your kind attention. I would be delighted to elaborate on the above ideas and concepts if your time allows. I appreciate your interest in changing the way we think about business and make business a central part of our academic activities.

Roseann O'Reilly Runte



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