

Empowering Entrepreneurs

An Interview with Lesa Mitchell,
Vice President of Advancing Innovation, and
Bo Fishback, Vice President of Entrepreneurship, Kauffman Foundation

EDITORS' NOTE Lesa Mitchell joined the foundation in 2003. Prior to joining Kauffman, Mitchell's professional background included consulting for global pharmaceutical clients such as Takeda and Eli Lilly. She spent 20 years of her career in global executive roles at Aventis and Quintiles and currently volunteers time on various regional boards.



Lesa Mitchell

Bo Fishback joined the Kauffman Foundation in 2006 as a director in the advancing innovation area. In 2007, he joined Kansas City, Mo.-based BioMed Valley Discoveries. Fishback was a founding team member of Orbis Biosciences and a co-founder of Lightspeed Genomics. In addition, Fishback developed the Equity Simulation Tool, OwnYourVenture.com. Previously, he was a consultant with PureTech Ventures in Boston. Before that, he served as a director at IQHealth for Cerner Corporation in Kansas City.



Bo Fishback

Could you highlight your roles within Kauffman, and how you broadly define those functions?

Mitchell: Our focus has been on early stage developments and creating the social networks and collaborations to make innovation and commercialization happen. We started this work by asking why the National Institutes of Health's budget doubled over the past 10 years but the number of new science technologies coming out has gone down. It became obvious to us that many innovations were tied to what we call "rock star" scientists, who are often tenured faculty sitting at universities spinning out lots of new technologies that are changing the lives of people every day. Many of these scientists have had collaborations with industry early in their career, which helps them understand the relevance of their research to the marketplace and, hopefully, helps them tailor their research to match commercial needs. To foster that, we created an organization at the National Academy of Sciences called the University-Industry Demonstration Partnership, which develops projects between industry and university scientists to facilitate collaboration and increase

market awareness. We have also created the Translational Medicine Alliance to foster early stage discussions and collaborations between scientists, philanthropists, and industry.

Fishback: In the entrepreneurship department, we do everything from practical hands-on classes for training entrepreneurs to providing

expertise and access to networks that aren't otherwise available. It runs the spectrum from targeted fellowship programs to running entrepreneurship.gov and entrepreneurship.org in partnership with the U.S. government.

We run FastTrac, which has 300,000 alumni all around the world. It helps potential entrepreneurs to either figure out that their idea wasn't as good as they thought or to put the beginning stages of a commercialization or business plan in place so they can take the first steps and get going. We also run Global Scholars, where 15 to 20 top aspiring entrepreneurs from other countries are subsidized by their governments to come study with us. We run them through a six-month program starting with a five-week crash course on entrepreneurial basics. We then have them shadow CEOs of innovative companies that are doing things related to the student's field of interest. The goal is that, after six months of training, they will go home to start companies that we hope will be the drivers of their country's economy. Our new Entrepreneur Postdoctoral Fellows program is a close cousin to that. Perfect success with that would be defined by finding people who are looking to have the chance to start a high-growth science- or technology-backed company, working with them for a year to develop their skills and plans, and at year's end, having them be ready to launch it and start recruiting, hiring, and growing.

How does the new initiative for Kauffman Labs develop from that?

Fishback: The genesis of Kauffman Labs was based on the observation that if you want to start a growth company of such a scale that it's going to be a driver of the economy, there are very few places to go for help in that process. We know there are about 600,000 companies that get started every year in the U.S., but we also

know that only a very small fraction of those companies actually drive economic growth, and we know very little about what it takes to identify those companies and help them get going. At Kauffman Labs, we'll be creating something that looks a lot like a school for those entrepreneurs who we think have the chance to build large-scale growth firms. The Postdoc program and our Global Scholars programs are two examples of initiatives that will be folded into Kauffman Labs as a part of that. We're going to start to build out many more programs that are geared toward finding people we think have a chance to develop a company that will grow the economy and then providing them with the tools to make that happen. These programs will be heavily based on the research we've funded and on our understanding of how to use networks and avoid mistakes that can kill companies before they even have a chance to get started.

Mitchell: Kauffman Labs is also looking at the marketplace and recognizing that there are 47,000 highly educated, underutilized, postdoctoral scientists out there. These jobs were created because of all the money being allocated for federal research, but now they're all sitting there because there are no jobs due to the budget cutbacks of the past couple of years. So as Bo mentioned, we've created our first program for Kauffman Labs, which is to identify postdocs who are working on something that we think is not just interesting, but that also has commercial potential. Instead of working through intermediaries, we identify these people directly; we put them through our educational programs and then surround them with an entrepreneurial social network to help them get their technologies to market.

What are the emerging industries Kauffman is focused on?

Mitchell: There are two specific areas where we're going to see significant leapfrogging in technology and, hopefully, in growth. One is personalized medicine. There are leading scientists in this country who have come to the realization that the key to curing some diseases will be through personalized medicine – meaning drugs created specifically for individuals. There are a number of companies that haven't yet figured out how to become financially stable in that space because the patient population is so small, but there are some new entrepreneurial models emerging that are going to change everything.

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The other area is energy, which also faces significant policy barriers on the science side. For instance, utility companies are the customers in many cases for new energy technology. Three and a half years ago, we started a boot camp, which we run for a week every summer at Lake Tahoe, for scientists in the energy space who are interested in commercializing technology. We're also trying to influence the Department of Energy to rethink the early stages of commercialization and how we can focus more effort not just on the basic science itself, but also on teaching people how to commercialize their science. We're the only organization in the country funding and creating these entrepreneurship boot camps in the energy space, and we would love it if the Department of Energy would fund 50 more of them. There are a handful of universities that are being funded to examine solar energy options, but they are not collaborating to share the outcomes of their innovations.

There are many who felt that government intervention was key to our economic stability, but that we're at the stage where prosperity and recovery in the future is going to come back to entrepreneurship and innovation. Are you concerned that we're not doing enough to help that innovation to occur?

Mitchell: Actually, I feel really hopeful. We have had a number of conversations over the past two months with the Department of Commerce and the Office of Science and Technology Policy in the White House. A number of people that the Kauffman Foundation has worked with for years in California have moved to Washington, D.C. and are part of the administration. There is an intellectual awareness that entrepreneurs will get us out of the situation that we're in economically, but there's also caution, and appropriately so, about what role the government should play.

Is it challenging to have clear metrics in place to evaluate the impact of many of these programs, and how critical is that?

Mitchell: It's really hard, but what we hope to accomplish is a leveraging of our money. If we can put \$99,000 of seed funding into an institute, and later, after \$3 million worth of funding from others, it's a wildly successful organization with a number of collaborators, to us, that is success. The ability to scale something and get follow-on funding from other people is really

important. We are also closely tracking progress of the people involved in our FastTrac, Postdoc, and Global Scholars programs as they move further down the road to create their ventures.

Fishback: One of the things we're hoping to do is help people change direction much sooner when they are going down the wrong road and help them succeed much faster when they're on the right path. We hope to take

a 10- or 20-year process and turn it into a two- or three-year process where growth happens much more quickly.

When you look at universities today, you have many future leaders being taught by professors who have never had experience in entrepreneurial situations in the private sector. How challenging is that to effective education, and how can it be improved?

Fishback: First, you don't have to be an entrepreneur to teach others to appreciate, respect, and value entrepreneurs. You can do that with case studies reflecting the history of entrepreneurs and why they're important, which works beautifully in a university setting.

The second component that needs to be taught is an understanding of the importance of cash flow, income statements, and balance sheets. These tools don't make an entrepreneur, but they can help you get on with the journey more efficiently, and that also works beautifully inside of universities.

The third component, however, is actually starting companies, responding to the market, and understanding how to leverage a network – not just knowing what networks are. That is something that a lot of universities have attempted and failed. What we learned from working with universities over a long time is that some things work there, and some don't fit. That is where Kauffman Labs comes into play. We're looking to empower students to do what they are well-equipped to do and to help them start thinking about alternative ways to launch companies.

Mitchell: A number of years ago, some of our associates at the Kauffman Foundation had the idea to create something that's now called Educators Corner at Stanford. There are a lot of people at universities proselytizing to students

about things they may not have necessarily done themselves, but our friends at places like Stanford and Berkeley have access to the people who have done it. Our idea was to capture the mind trust of these great entrepreneurs in a number of different sectors and create a technology portal with a taxonomy around entrepreneurship that can give students anywhere in the world a chance to sit in front of those people who are answering day-to-day questions about financing, technology, or other topics. We try to focus on programs that can help the university, but we can also shine a light on programs such as proof of concept centers, on which we prepared a research paper last January. There were only two proof of concept centers at the time in the U.S. and nobody had looked at the outcomes of those programs in terms of entrepreneurship. Our report focused on those programs and is being used by universities to bring funders in to help develop these centers.

You've both had successful careers in the private sector. In each case, what excited you about joining the foundation, and has it been what you expected?

Mitchell: The first president of the Kauffman Foundation has been my lifelong mentor. I had never worked in a not-for-profit. He convinced me that this is not a prescriptive organization; it's a "let's figure it out, there's no one right answer,

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there are many right answers, but there may be only one right answer for us" type of culture. So my tolerance of ambiguity, and that of everybody else's here, is really high, which is what makes us unique. What keeps us here is the willingness to literally be solving problems on top of problems every day. If I didn't think we were making progress, I wouldn't want to do this. But we have wonderful moments that happen to us every day that makes this worthwhile.

Fishback: You see a lot of amazing things here, like empowering entrepreneurs to make the world a better place, or growing the economy, or getting the country out of a recession, and we have the resources, the tools, and the network here to make it happen. You get to figure out where you want to intervene for the biggest impact. There are very few places in the world where you can work at a very high strategy and operational level with the outcome being purely philanthropic, but with capitalistic roots. ●