

# Global Corporate Venturing Setup Survey - Descriptive Results

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# 1 Executive Summary

In June 2005 (June 7<sup>th</sup> till July 4<sup>th</sup> 2005) the Professorship of Business Administration from the Swiss Federal Institute of Technology ETH Zurich conducted a study of how to set up best a new Corporate Venturing (CV) program in the context of four different CV mindsets (Window on Technology, Fostering Corporate Entrepreneurship, Option Building and Leveraging Corporate Assets). The online survey results from 75 global CV managers and CV experts show that there exist a few CV mindset-independent recommendations which will briefly be discussed in this summary. The CV managers rated strategic goals more important than financial ones during the setup period of a new CV unit. Consistent with that qualitative performance measures of CV activities during the setup are seen as more important than quantitative measures. In the early days of a CV program the CV unit should start to develop new ventures to a greater extent in adjacent than in existing or completely new business areas. For a new CV program it is most important from corporate management positions that the CEO and the CFO of the large firm are actively committed to CV. The CV unit should consist of 5 to 6 CV managers and invest mainly up to 15m USD in 3 to 6 new ventures during the first two years. A new CV unit should possess evenly distributed competences of investment experience (Venture Capital, Private Equity, Investment Banking or CV), relevant industry knowledge and independent entrepreneurship experience. The financing of CV group operating expenses and venture investments during the setup should be provided to a greater extent from corporate than business unit or functional level. Also it's more important to locate the new CV group organizationally on corporate than on business unit or functional level. During the setup the new CV unit has to establish both internal and external network relationships. All these recommendations support the fact that we think future CV activities are supposed to be designed as strategically integrated and oriented tools to support corporate innovation activities in order to grow and renew incumbent firms.

## 2 Objectives

The main objective of this survey was to find out personal opinions and recommendations of CV managers on how a new CV program depending on four different CV mindsets is best set up. Therefore five elements which are important for the design of a systematic CV activity were studied in more detail: the goals, the relationships, the resources, the organization and commitment.<sup>1</sup>

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<sup>1</sup> These elements and corresponding success factors were derived from a detailed literature review of 16 empirical studies on CV success factors between 1987 and 2003.



Figure 1 Five important elements of a systematic CV activity

The following main research questions were formulated for the setup of a new CV program:

- Whose management commitment is important?
- Which relationships are important?
- Who should finance the CV activities?
- Which capabilities should the CV managers possess?
- Where should the CV group organizationally be located?
- What's the role of the supervisory board of the CV group?
- Which CV group activities are important?
- Are strategic or financial goals more important?
- In which business areas should ventures be developed?

### 3 Definitions

This survey defines CV very broadly as a methodology of established enterprises to create and to develop new businesses (independent of the origin and the realization place of the new venture ideas). A CV unit or a CV group is an organizational unit with the responsibility for any kind of systematic internal or external CV activities. Such a CV unit stands for a Corporate Venture Capital unit, a new venture division, a new business development group or even a corporate incubator.

The setup time range of a new CV program can't be clearly defined so we tried to describe this period as the first two years of systematic CV activities. During that period clear CV goals should be established, an appropriate CV business model should be designed and hopefully the first venture investments have already taken place. In order to exclude minor ad hoc venturing activities, we think that at least one full-time employee should be responsible for the CV program.

Based on previous studies four different CV mindsets were defined (Seeliger, 2004) which can be characterized as follows:

- ❑ **Window on Technology:** monitoring new technologies, markets and business model trends (intelligence function); learning from new ventures about potential revolutionary or disruptive innovations and future business opportunities.
- ❑ **Fostering Corporate Entrepreneurship (CE):** promoting internal employees to be more entrepreneurial and encouraging fresh, market-oriented thinking; enhancing network relationships and an internal open innovative culture.
- ❑ **Option Building:** developing real strategic options for future corporate growth avenues; developing new businesses for diversification purposes ideally to create a new business unit or a future new core business.
- ❑ **Leveraging Corporate Assets:** exploiting under-utilized corporate assets (e.g. intellectual property); stimulating demand for corporate products and technologies; promoting industry standards.

## 4 Research Methodology

In June 2005 we sent an online questionnaire to totally 1654 CV managers by email. This sample originated mainly from the Venture Economics (881) and the VentureOne (618) database. Our own internet research revealed further 155 CV expert contacts. Out of this initial sample 659 emails were undeliverable and only in total 197 people logged into the survey. We received 77 with two almost incomplete responses. Therefore the final sample size for the quantitative analysis is 75 responses. Although the response rate is very low the absolute number of responses is comparable to other quantitative CV surveys with 21 to 95 responses (Birkinshaw, van Basten Batenburg et al., 2002; Ernst, Witt et al., 2005; European Private Equity & Venture Capital Association, 2004; Röper, 2004).

## 5 Respondent Characteristics

### 5.1 Country origin

The respondents of the final sample mainly originate from the USA (42.7%), second from Germany (20.0%), third from Switzerland (10.7%) and fourth from U.K. (9.3%). In Table 1 you see that comparing the final sample with the initial sample it shows that in absolute numbers in both cases the USA is the most and Germany the second most represented country. Further, you see that the European countries Switzerland, Germany, U.K, Denmark and the Netherlands are represented in the final sample above average.

Table 1 Country origin of initial sample and final sample

Country	Initial Sample		Final Sample		Response Rate
	N	In %	n	In %	In %
<b>USA</b>	973	58.8%	32	42.7%	3.3%
<b>Germany</b>	205	12.4%	15	20%	7.3%
<b>Switzerland</b>	31	1.9%	8	10.7%	25.8%
<b>U.K.</b>	73	4.4%	7	9.3%	9.6%
<b>Denmark</b>	35	2.1%	3	4%	8.6%
<b>Netherlands</b>	28	1.7%	3	4%	10.7%
<b>Others</b>	309	18.7%	7 <sup>a</sup>	9.3%	2.3%
<b>TOTAL</b>	<b>1654</b>	<b>100%</b>	<b>75</b>	<b>100%</b>	<b>4.5%</b>

Note: <sup>a</sup> “Others” stands for one response from China, France, Israel, Japan, South Korea, Taiwan and one not mentioned.

## 5.2 Industry Sector and Participating Companies

Figure 2 shows the represented industry sectors. Out of the 75 respondents almost 27% are from the IT, Electronics and Telecommunications sector, almost 23% from Pharmaceuticals, Health Care and Chemicals, almost 14% from Engineering, Manufacturing, Energy and Utilities and almost 19% from Other (services).

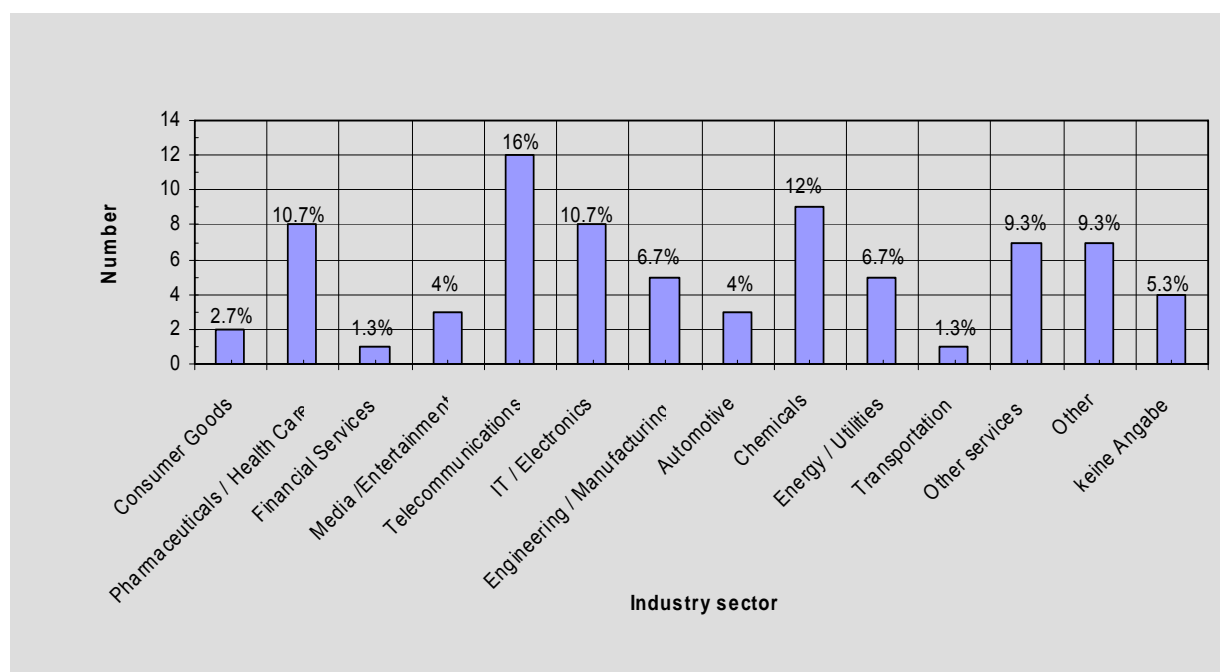


Figure 2 Represented industry sectors of the final sample (n=75)

In Table 2 all the participating companies are listed except those of the respondents who didn't want to have mentioned their employer. Additionally in 10 cases two CV managers from the

same company participated in the survey.

*Table 2 Participating companies (alphabetical listing)*

ACCERA Venture Partners	Dow Europe	Lucent Venture Partners	Schneider Electric Ventures
Android	DSM	Motorola	Schott
Ascension Health Ventures	DuPont	NEC	Siemens Acceleration
Astellas Research Institute of America	Edengene	Nestlé	Siemens Technology Accelerator
AutoVision	FHP Private Equity Consultants	Novartis	Siemens Venture Capital
Avida Advisors	FLYzone B.V.	Novell	SR One
BASF Venture Capital	GemVentures	Novo Nordisk	Strategic Venture Assosication
Bayer Innovation	HB Fuller Ventures	Procter & Gamble	Summa Technologies
BOC Group	holtzbrinck networXs	Pinchot & Company	Swiss Post
BT Group	Honda	POSCO BioVentures	Swisscom
Cargill Ventures	IBM	Qualcomm	Taylor Corporation
ChevronTexaco Technology Ventures	iD TechVentures	RDC Rafael Development Corporation	TDC
Cypress Ventures	Intel Capital	SAIC Venture Capital Corporation	T-Venture
Danisco Venture	KLA Tencor	Samsung	
Degussa	Kodak	SAP	

Note: 7 respondents didn't want to have mentioned their employer and in 10 cases 2 persons from the same company participated.

### 5.3 Personal Respondent Characteristics

The final sample of 75 CV managers represents on one hand corporate representatives with CV oversight like CTOs, CFOs, VPs (Marketing & Communications, Corporate Strategy, Strategy & Planning) and members of CV units like CEOs, (Managing) Directors, (Managing) Partners, Principals, Chairmen, Presidents, Founders, (Senior) Investment Managers and Business Development Managers. The mean number of years of professional CV experience (n=75) is 5.2 and the median 5.0. This shows that the final sample represents mainly a group of CV managers active after the Dotcom “bust” of 2000 with totally 389 years of professional CV experience. The respondents participated in average 1.6 times in setting up a new CV program (median 1.0, n=70) and totally 112 times. The final sample represents a lot of experience and knowledge in setting up a new CV program (mean 5.6 on 7-point scale) as much as in the mindset Window on Technology (mean 5.6). Regarding the four CV mindsets the CV managers have second most experience in Option Building (mean 5.1), third in Fostering CE (mean 4.5) and fewest in Leveraging Corporate Assets (mean 4.4) (see Table 3).

Table 3 Personal experience and knowledge regarding the four CV mindsets and the setup of a new CV program

Personal experience and knowledge		Mean	Std. dev.	Median
<b>Regarding the four CV mindsets (n=75):</b>	Window on Technology	5.6	1.4	6.0
	Fostering CE	4.5	1.5	5.0
	Option Building	5.1	1.4	5.0
	Leveraging Corporate Assets	4.4	1.8	5.0
<b>Regarding the setup of a new CV program (n=75)</b>		5.6	1.4	6.0

Note: Rating scales with 1= None, 7= Expert.

## 6 Personal CV Setup Examples (Survey Results)

Those respondents who participated at least once in a CV setup were asked to describe one personal example from practice they know well. Totally the final sample of respondents described 56 different setups of new CV programs in practice. These programs were launched mainly in the USA (44.6%), in Germany (16.1%), in Switzerland and U.K. (7.1%), Denmark (5.4%), the Netherlands (3.6%) and one CV unit in Belgium, France and South Korea. Six programs were launched in several countries.

The most prominent industry sector of the CV setup examples were IT, Electronics and Telecommunications (39.3%), Pharmaceuticals, Health Care and Chemicals (19.6%), Engineering, Manufacturing, Energy and Utilities (16%) and Other (services) (10.7%).

The 56 different CV setups belong to 94.6% to the third wave of CV up to the present (see Figure 3) and only three examples (5.4%) represent the second wave (Gompers, 2002).

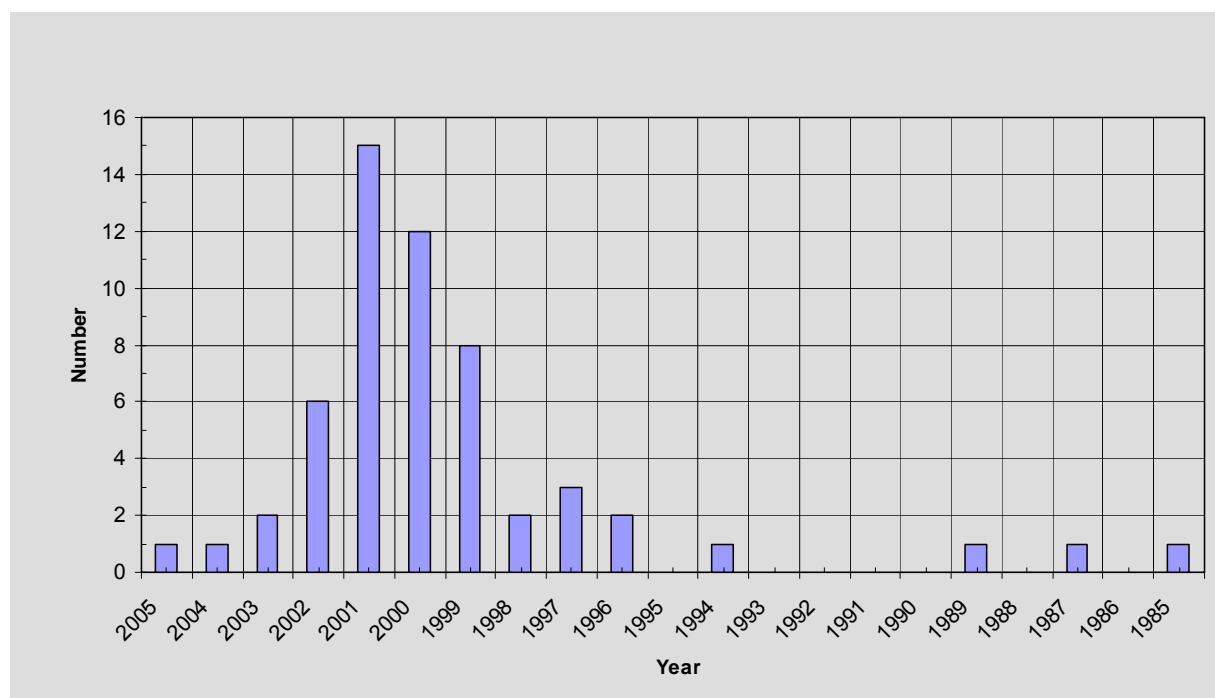


Figure 3 Launch year of the CV program setup examples (n=56)

During the first two years of the CV activities the CV units invested from 0 up to 200m USD in new ventures. The mean number of venture investments is 29.5m USD (Std. dev. 36m) and the median 17.5m USD (n=45).

Regarding the program success there's not a big difference between success during the setup period (mean 4.8) and success of the CV program today (mean 5.1) on a 7-point scale.

The 56 CV setup examples pursued to a greater extent the goal Window on Technology (mean 5.4, std. dev. 1.8, n=55), than Option Building (mean 5.2, std. dev. 1.5, n=54), than Leveraging Corporate Assets (mean 4.7, std. dev. 1.9, n=54) and than Fostering Corporate Entrepreneurship (mean 4.1, std. dev. 2.0, n=53) on a 7-point scale.

## 7 Setup Recommendations (Survey Results)

In the second part of the survey each respondent of the final sample made some setup recommendations in his personal view for one of the four chosen and well known CV mindset perspectives. Out of the 75 respondents 40 have chosen the CV mindset Window on Technology, 20 Option Building, 10 Leveraging Corporate Assets and 5 Fostering CE as independent variable. Despite of the small sample sizes (problem of generalizing) all four mindset specific recommendations are analyzed in the following.

Figure 4 illustrates that the respondents regard a systematic CV program to achieve the mindset goals Window on Technology, Option Building and Leveraging Corporate Assets as more adequate than difficult. Only a systematic CV program seems to be more difficult than adequate to achieve the goals under the mindset Fostering CE.

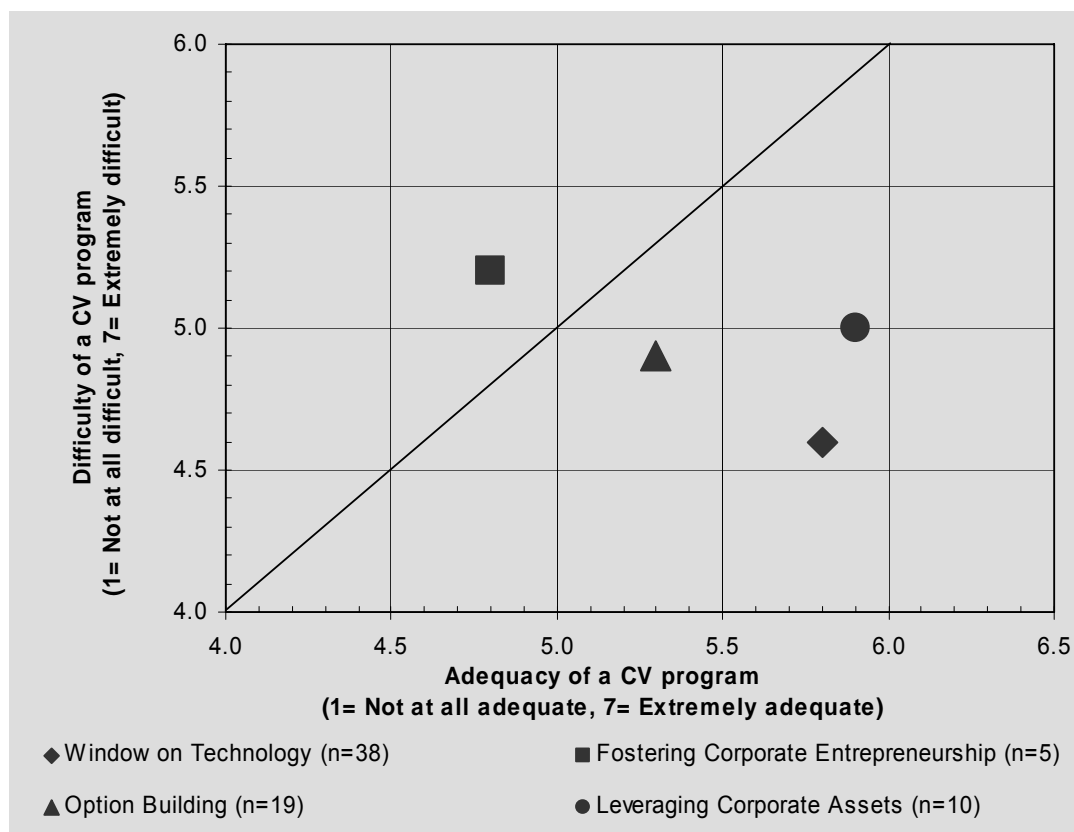


Figure 4 Adequacy and difficulty of a CV program to achieve the mindset goals

## 7.1 Goals

Independent of the chosen CV mindset the respondents rate in average strategic goals of a new CV program during the setup as more important than financial goals (see Figure 5). Especially under the mindset Fostering CE financial goals are least important. On the other hand comparing all four mindsets under Leveraging Corporate Assets financial objectives are most important.

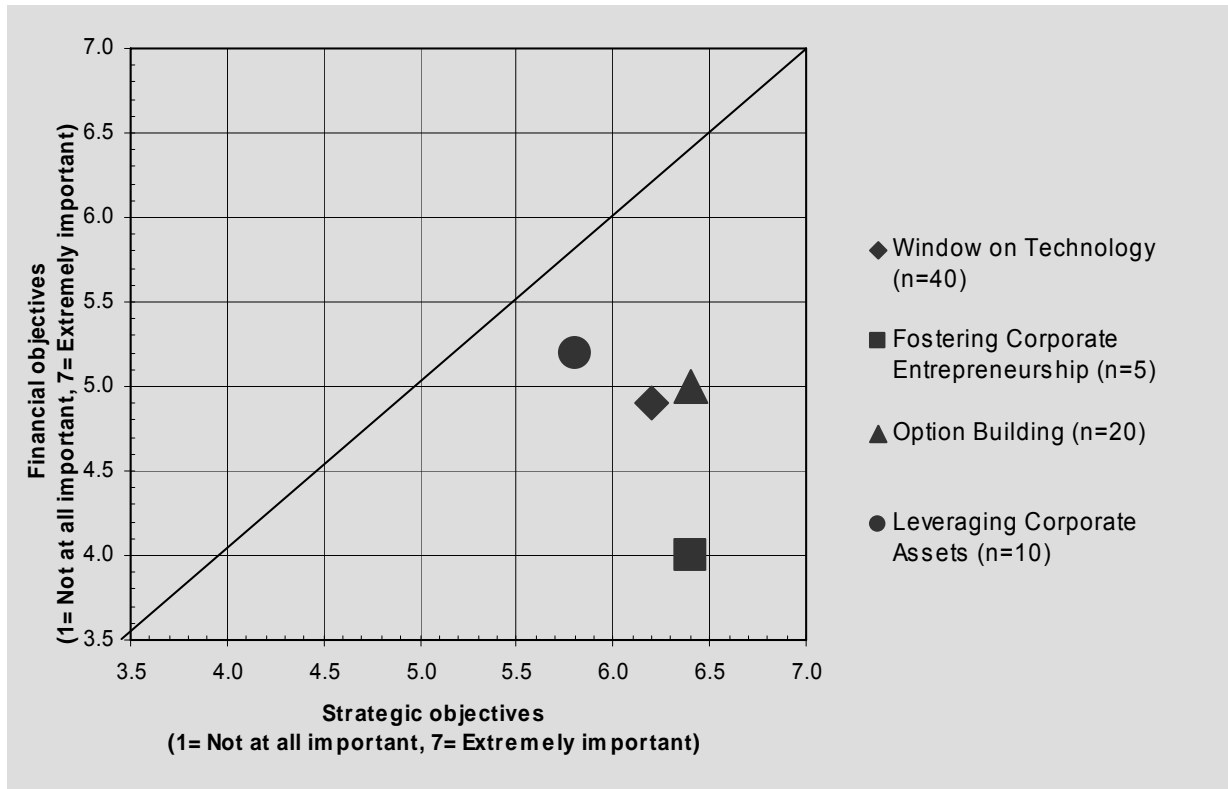


Figure 5 Importance of strategic vs. financial objectives for a CV program during the first two years

During the setup of a new CV program the CV unit starts to develop new ventures. In Figure 6 you see in average the extent of venture development depending on the four mindsets in three generic business areas. Independent of the chosen CV mindset the CV group should start to develop new ventures to the greatest extent in adjacent business areas. Under Window on Technology the CV unit should invest to the second greatest extent in new ventures both in existing and in completely new business areas. Under Fostering CE and Leveraging Corporate Assets ranked second venture development in existing business areas. To create new options the CV unit should nurture ventures to the second greatest extent in completely new business areas.

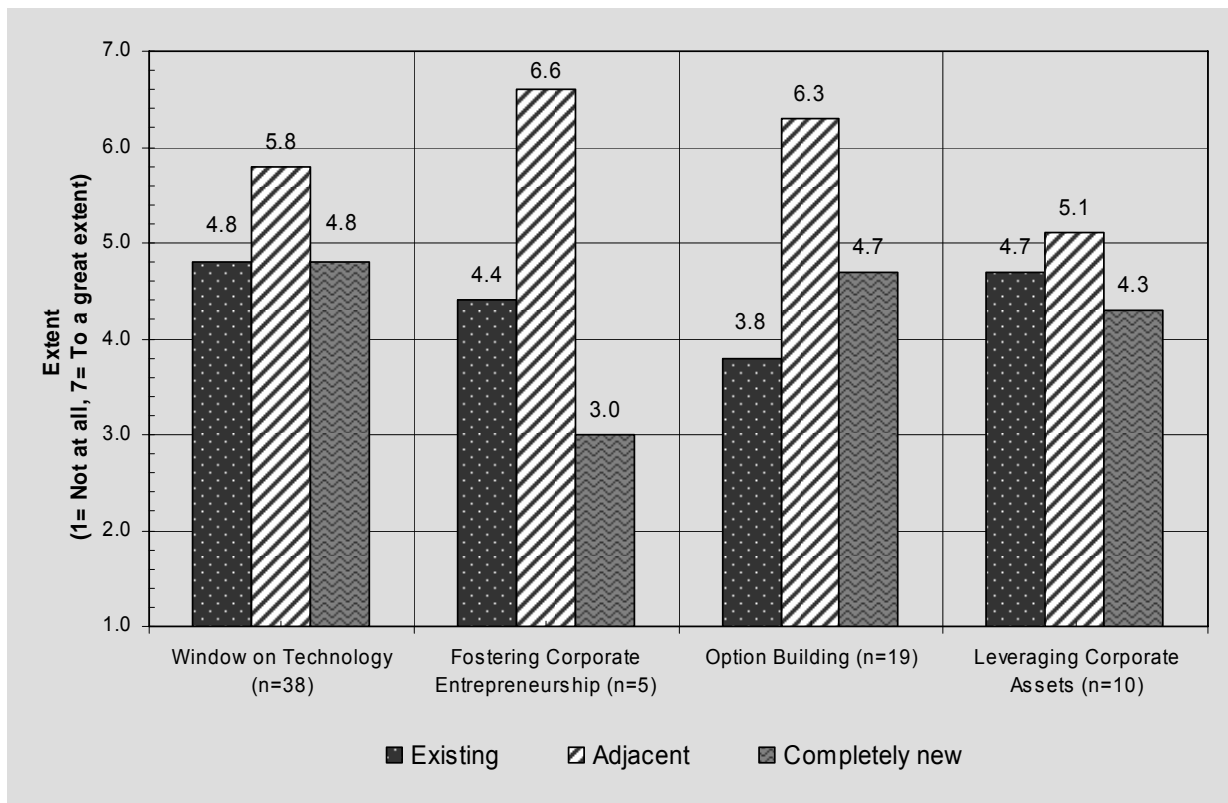


Figure 6 Extent of venture development in three generic business areas during the setup

Independent of the chosen mindset the respondents rated qualitative CV performance measures as more important than quantitative ones (see Figure 7), although quantitative CV performance measures are not unimportant (mean values  $\geq 4.4$  on 7-point scale). Probably quantitative measures gain more importance in later periods of CV activities when the program is correctly set up and running properly.

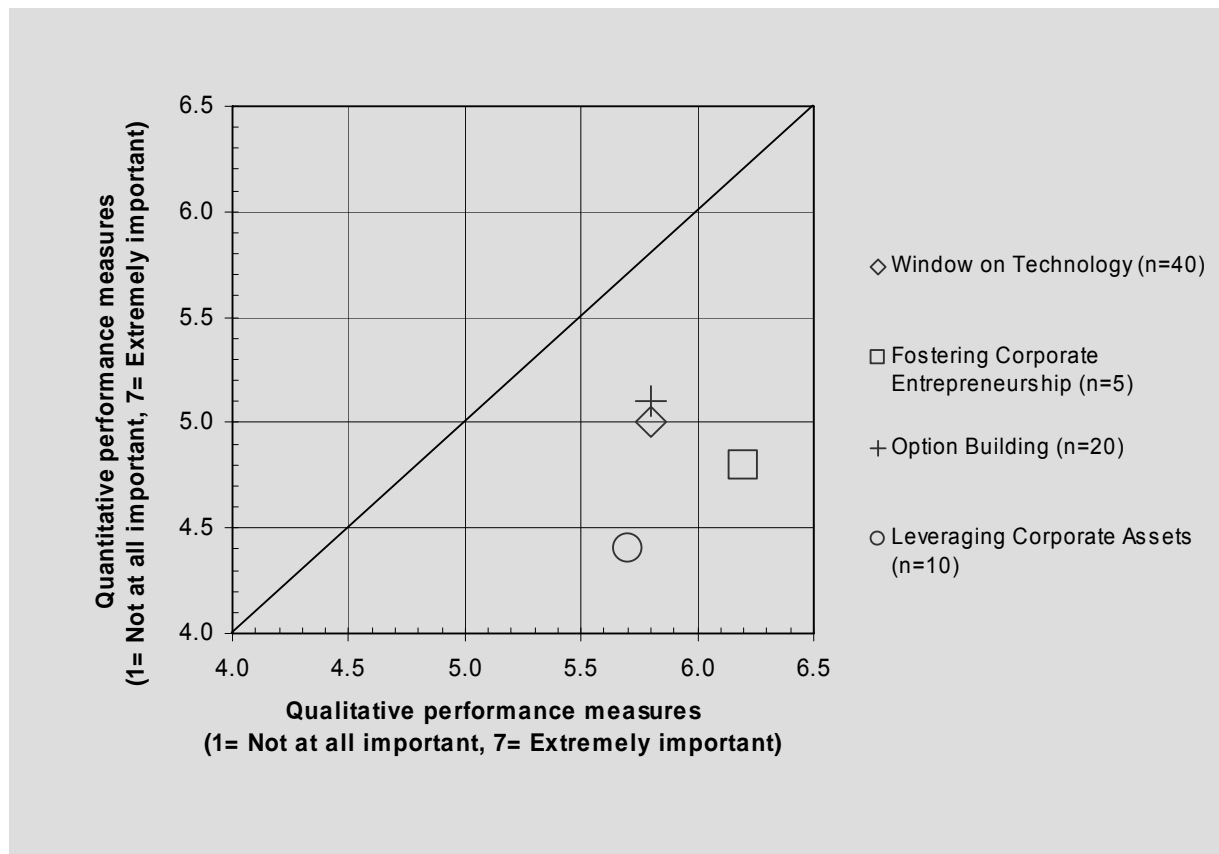


Figure 7 Importance of qualitative vs. quantitative CV performance measures during the setup

Already during the setup of a new CV program adequate incentive and reward systems have to be installed. Figure 8 illustrates in average the importance of incentives and rewards for three different in CV activities involved parties of the corporation. Under Window on Technology and Leveraging Corporate Assets incentive and rewards are almost equal important for the CV group and the venture teams. Under Fostering CE incentives and rewards are most important for venture team members and second for certain involved corporate members. Under Option Building adequate incentives and rewards are most important for venture teams and second for the CV group during the CV setup.

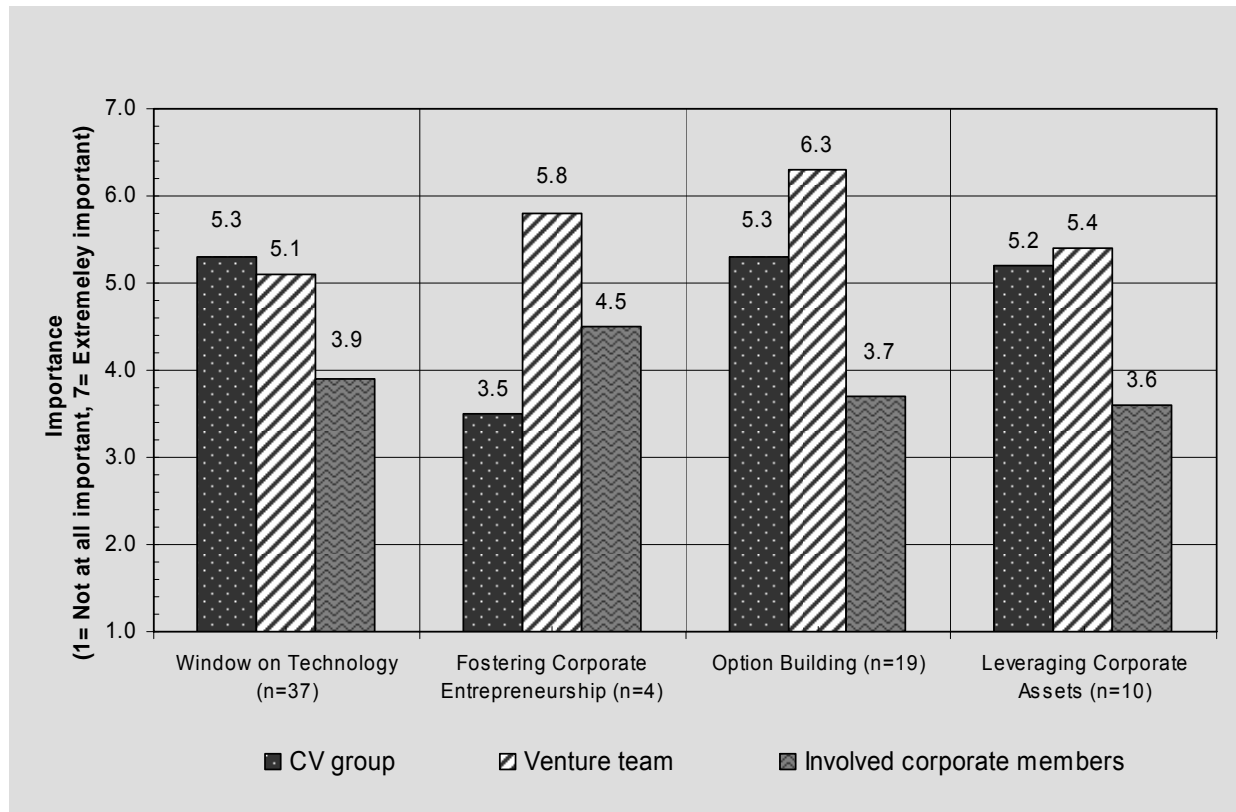


Figure 8 Importance of incentives and rewards for involved parties during the CV setup

## 7.2 Commitment

The analysis of CV success factor studies shows that CV activities need a lot of corporate management commitment. Table 4 illustrates the importance of active management commitment to CV activities during the setup by different management positions. Under all four mindsets CEO commitment is most important. Second most important commitment is under all four mindsets CFO or CSO commitment. This illustrates that while setting up a new CV program top management commitment is absolutely necessary.

Table 4 Importance of an active management commitment to CV activities during the setup

	<b>Window on Technology (n=34)</b>		<b>Fostering CE (n=5)</b>		<b>Option Building (n=18)</b>		<b>Leveraging Corporate Assets (n=10)</b>	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
<b>CEO</b>	<b>6.4</b>	0.9	<b>6.8</b>	0.4	<b>6.6</b>	0.8	<b>6.5</b>	0.8
<b>CFO</b>	<b>6.2</b>	0.9	<b>6.4</b>	0.5	<b>6.1</b>	1.2	<b>6.2</b>	1.3
<b>CSO</b>	<b>6.2</b>	0.9	<b>6.6</b>	0.5	<b>6.1</b>	1.0	5.3	1.5
<b>Business unit managers</b>	5.5	1.3	6.0	1.0	5.4	1.1	<b>5.8</b>	1.4
<b>CTO</b>	5.7	1.2	5.6	1.7	5.4	1.5	5.3	1.5
<b>Corporate Board of Directors</b>	5.0	1.6	4.4	2.3	5.7	1.5	4.3	2.1
<b>Functional Managers</b>	4.7	1.4	4.6	1.8	5.0	1.4	3.9	1.4

Note: Rating scales with 1=Not at all important, 7=Extremely important. The category „Other“ is not included.

### 7.3 Relationships

The survey results show that during the setup of a new CV program the CV group has to establish both internal and external network connections. Out of eight different partners in Table 5 at least one internal as well as one external relationship is among the three most important relationships for all four CV mindsets. Under Window on Technology the three most important relationships for the CV group are those with independent Venture Capital and Private Equity partners (mean 6.2), with corporate business units and external start-ups (means 5.7). Under Fostering CE internal connections (to corporate business units, corporate functions) are a bit more important than external connections, although the second most important relationship for the CV group is with external service providers (e.g. consultants, lawyers, industry analysts). The top three important relationships for Option Building are with corporate business units (mean 5.9), with independent Venture Capital and Private Equity partners (mean 5.8) and with external start-ups (mean 5.4). Under Leveraging Corporate Assets for the CV group the top three important relationships are those with independent Venture Capital and Private Equity partners (mean 6.4), with corporate business units (mean 5.9) and external start-ups (mean 5.7).

Table 5 Importance of relationships for the CV group during the setup

		<b>Window on Technology (n=38)</b>		<b>Fostering CE (n=5)</b>		<b>Option Building (n=20)</b>		<b>Leveraging Corporate Assets (n=10)</b>	
		Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
<b>Internal</b> Relation- ships with:	Corporate business units	<b>5.7</b>	1.1	<b>5.5</b>	1.3	<b>5.9</b>	1.5	<b>5.9</b>	1.0
	Corporate functions	5.1	1.1	<b>4.6</b>	1.8	5.1	1.5	4.9	1.1
<b>External</b> Relation- ships with:	Independent VCs & PE partners	<b>6.2</b>	1.0	3.4	1.5	<b>5.8</b>	1.1	<b>6.4</b>	1.3
	External start-ups	<b>5.7</b>	1.3	3.2	1.9	<b>5.4</b>	1.6	<b>5.7</b>	1.4
	External service providers (e.g. consultants, lawyers, industry analysts)	4.4	1.1	<b>5.0</b>	1.4	4.4	1.8	3.9	1.5
	Other CV programs	5.1	1.4	3.0	0.7	4.7	1.6	5.2	1.6
	Universities	4.2	1.2	3.4	1.1	3.6	1.5	3.3	1.3
	Corporate customers	3.7	1.4	4.0	1.4	4.1	1.8	3.4	1.3

Note: Rating scales with 1=Not at all important, 7=Extremely important. The category „With Other“ is not included.

The survey results in Table 6 show to what extent certain venture development strategies contribute to achieve the four mindset goals. Under Window on Technology and Leveraging Corporate Assets direct minority investment in external start-ups should be pursued to the greatest extent (mean 6.0 resp. 5.8). Under Fostering CE ventures should be mainly nurtured internally (mean 6.2). Under Option Building there's not one most favoured venture development strategy. The respondents rate almost to an equal extent to spin-out new ventures (mean 4.8), to make direct minority investment in external start-ups (mean 5.1) and JVs and strategic alliances with other companies (mean 4.7).

Table 6 Extent of venture development strategies to achieve the CV goals during the setup

	Window on Technology (n=39)		Fostering CE (n=4)		Option Building (n=20)		Leveraging Corporate Assets (n=10)	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
<b>Nurture ventures internally</b>	3.8	1.5	<b>6.2</b>	1.3	4.0	1.8	3.8	1.8
<b>Spinout new ventures</b>	<b>4.0</b>	1.7	2.0	1.2	<b>4.8</b>	1.2	<b>4.7</b>	2.1
<b>Direct minority investments in external startups</b>	<b>6.0</b>	1.1	<b>2.8</b>	1.7	<b>5.1</b>	1.8	<b>5.8</b>	2.1
<b>Indirect investments in venture funds</b>	3.9	1.9	2.0	0.0	3.3	2.0	4.0	2.4
<b>JVs and strategic alliances with other companies</b>	<b>4.1</b>	1.5	<b>5.0</b>	0.8	<b>4.7</b>	1.6	<b>4.5</b>	1.6
<b>Acquisition of external startups</b>	3.4	1.7	2.5	0.6	4.4	2.2	3.4	1.6

Note: Rating scales with 1=Not at all, 7=To a great extent. The category „Other“ is not included.

## 7.4 Resources

The CV group operating expenses and the venture investments should be financed to the greatest extent from corporate level under all four CV mindsets. This result illustrates Table 7.

Table 7 *Extent of CV financing sources during the setup*

		<b>Window on Technology (n=36)</b>		<b>Fostering CE (n=5)</b>		<b>Option Building (n=18)</b>		<b>Leveraging Corporate Assets (n=10)</b>	
	Source	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
<b>CV group operating expenses</b>	Corporate level	<b>6.6</b>	0.7	<b>6.0</b>	1.7	<b>6.6</b>	1.0	<b>6.6</b>	0.5
	Business unit level	3.2	1.7	3.6	2.6	3.3	2.2	3.4	1.2
	Functional level	2.3	1.4	2.2	1.8	1.8	1.2	1.8	1.5
<b>Venture investments</b>	Corporate level	<b>6.6</b>	0.6	<b>5.4</b>	2.1	<b>6.5</b>	0.9	<b>6.8</b>	0.4
	Business unit level	3.8	1.8	4.2	2.9	3.3	2.3	3.7	2.1
	Functional level	2.5	1.7	1.5	1.0	1.4	0.7	1.3	0.7

Note: Rating scales with 1=Not at all, 7=To a great extent. The category „Other“ is not included.

To be a bit more concrete regarding absolute budget numbers under the mindset Window on Technology 56% of the respondents recommend CV group operating expenses below 2m USD, 35% between 2.1 and 3m USD and 9% beyond 3m USD. Regarding reasonable venture investments during the first two years 44% of the respondents recommend below 10m USD, 23% between 10.1 and 15m USD and 33% beyond 15m USD.

Under the mindset Fostering CE 2 respondents recommend an annual operating budget for the CV group between 1.1 and 2m USD, 1 respondent between 2.1 and 3m USD and 2 respondents beyond 3m USD. Concerning new venture investments one respondent advises to invest between 7.1 and 10m USD during the first two years, two respondents between 10.1 and 15m USD and one beyond 15m USD.

Under the mindset Option Building 68% of the respondents recommend annual CV group operating costs of below 2m USD and 32% beyond 2m USD during the setup. Regarding reasonable venture investments during the first two years 47% of the respondents recommend to invest below 10m USD, 32% between 10.1 and 15m USD and 21% beyond 15m USD.

Under the mindset Leveraging Corporate Assets 80% of the respondents recommend to spend below 2m USD for CV group operating expenses and 20% between 2.1 and 4m USD. Regarding venture investments 50% of the respondents think that it's reasonable to invest below 10m USD, 30% between 10.1 and 15m USD and 20% beyond 15m USD in new ventures during the first two years.

In Figure 9 you see what the respondents think is a reasonable number of new ventures to invest in during the first two years of a new CV program. In general it can be said that the majority of the respondents think that independent of the CV mindset it's reasonable to invest in 3 to 6 new ventures during the first two years. This probably also depends on the experience the CV managers already have. Anyway it shows that neither only one new venture nor too many should be developed.

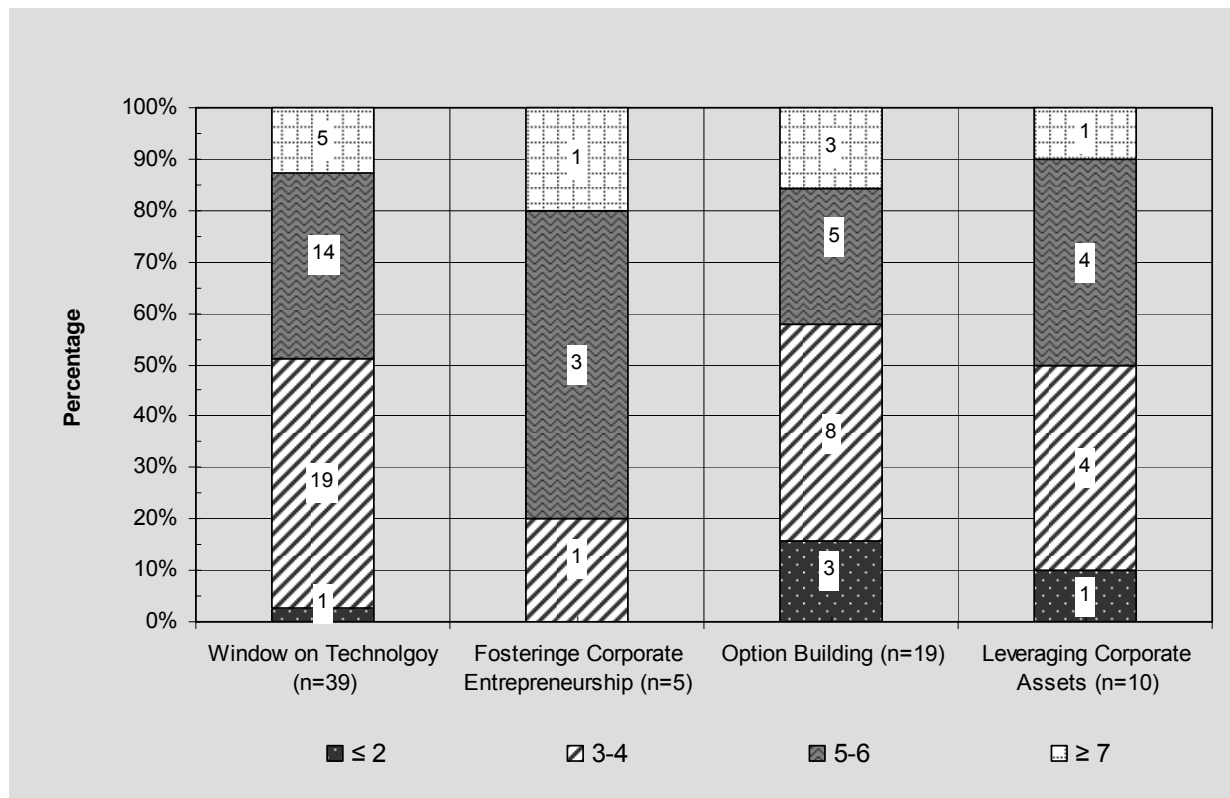


Figure 9 Reasonable number of venture investments during the CV setup

The ideal size of a new CV group during the first two years regarding its employees is under Window on Technology 5.3 (mean value with std. dev. 3.5) or 4.0 (median). Under Fostering CE in average 6.0 (std. dev. 3.7) employees should work for the CV group or the median number is 4.0. A reasonable number of CV unit employees under Option Building is 5.5 (mean value with std. dev. 2.5) or 5.0 (median). The mean number of full-time employees under the mindset Leveraging Corporate Assets is 5.9 (std. dev. 3.0) and the median number 4.0 during the setup.

In Table 8 are listed the experience and the competences the CV group should possess during the CV setup. Under the mindsets Window on Technology and Fostering CE the CV group should possess to the greatest extent relevant industry experience. Under Option Building and Leveraging Corporate Assets the CV group should possess to the greatest extent Venture Capital, Private Equity or investment banking know-how and relevant industry experience to the second greatest extent. Further on the results show that under each mindset the CV group should possess to a greater extent experience in independent entrepreneurship than corporate experience (e.g. in corporate management, corporate functions).

Table 8 *Extent of competences and experience the CV group should possess during the setup*

	<b>Window on Technology (n=38)</b>		<b>Fostering CE (n=5)</b>		<b>Option Building (n=20)</b>		<b>Leveraging Corporate Assets (n=10)</b>	
Competences, experience	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
<b>CV</b>	<b>5.2</b>	1.3	<b>4.8</b>	1.9	5.4	1.4	5.3	1.3
<b>VC, PE or investment banking</b>	<b>5.3</b>	1.4	3.4	1.8	<b>6.2</b>	1.0	<b>5.7</b>	1.3
<b>Relevant industry</b>	<b>6.0</b>	0.9	<b>5.8</b>	0.8	<b>5.7</b>	1.3	<b>5.6</b>	1.0
<b>Consulting</b>	4.0	1.6	2.6	1.5	3.8	1.5	3.2	1.5
<b>Corporate (e.g. corporate management, corporate functions)</b>	5.1	1.3	4.2	1.8	4.9	1.4	4.8	1.5
<b>Independent entrepreneurship</b>	<b>5.2</b>	1.3	<b>5.4</b>	1.5	<b>5.6</b>	1.1	<b>5.5</b>	1.5

Note: Rating scales with 1=Not at all, 7=To a great extent. The category „Other“ is not included.

## 7.5 Organization

Ideally the CV group is located under all four CV mindsets during the setup organizationally on corporate level (see Table 9). The organizational location of the CV group on corporate level (mean values between 6.4 and 6.9) is much more important than the location on business unit (mean values between 2.2 and 3.8) or functional level (mean values between 1.3 and 2.5).

Table 9 *Importance of organizational location of the CV group during the setup*

	<b>Window on Technology (n=36)</b>		<b>Fostering CE (n=5)</b>		<b>Option Building (n=15)</b>		<b>Leveraging Corporate Assets (n=9)</b>	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
<b>Corporate level</b>	<b>6.4</b>	0.8	<b>6.4</b>	0.5	<b>6.9</b>	0.3	<b>6.9</b>	0.3
<b>Business unit level</b>	3.8	2.2	3.8	1.9	2.5	1.7	2.2	1.6
<b>Functional level</b>	2.5	1.5	1.4	0.9	1.6	1.1	1.3	0.5

Note: Rating scales with 1=Not at all important, 7=Extremely important. The category „Other“ is not included.

When a new CV program is set up a supervisory board of the CV group is under the mindsets

Window on Technology, Option Building and Leveraging Corporate Assets most important to have in place from the beginning of the CV activities. Under Fostering CE it's most important that the supervisory board of the CV group is actively involved in setting the direction of the CV program (see Table 10).

Table 10 Importance of characteristics of a CV group supervisory board during the setup

CV supervisory board...	Window on Technology (n=39)		Fostering CE (n=5)		Option Building (n=19)		Leveraging Corporate Assets (n=10)	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
<b>...to have in place from the beginning.</b>	<b>5.8</b>	1.7	6.2	0.8	<b>5.5</b>	1.2	<b>6.0</b>	1.1
<b>...to contain members from inside and outside the corporation.</b>	4.8	2.0	4.4	2.1	5.3	1.5	4.3	2.6
<b>...to be actively involved in setting the direction of the CV program.</b>	5.4	1.4	<b>6.4</b>	0.5	4.7	1.3	4.2	2.1
<b>...to let the CV group make investment decisions to a certain amount of money exclusively on their own.</b>	5.2	1.8	4.8	1.6	5.1	2.0	5.1	1.9

Note: Rating scales with 1=Not at all important, 7=Extremely important.

The importance of certain CV group tasks during the setup in Table 11 shows that under Window on Technology it's most important to elaborate early clear CV program goals and to build up internal and external network relationships. Under the mindset Fostering CE the CV group should be more focused internally. Execution and internal network relationships are most important besides the task that the CV group has to build up an entrepreneurial culture in its organisation. Under Option Building it's most important to design an adequate CV program with clear goals and a fitting CV business model. Also external relationships have to be built up and some ventures have to be launched and developed early. The very important CV group tasks under Leveraging Corporate Assets are similar to the mindset Window on Technology. It's most important to establish internal and external network connections and to elaborate clear CV program goals.

Table 11 Importance of CV group tasks during the setup

	Window on Technology (n=39)		Fostering CE (n=5)		Option Building (n=20)		Leveraging Corporate Assets (n=10)	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
<b>Build up an entrepreneurial culture within the CV group</b>	5.6	1.5	<b>6.2</b>	0.8	5.9	1.5	5.3	1.3
<b>Establish internal network connections</b>	<b>6.3</b>	1.0	<b>6.8</b>	0.4	5.9	1.4	<b>6.6</b>	1.0
<b>Establish external network connections</b>	<b>6.5</b>	0.8	5.8	0.8	<b>6.3</b>	0.6	<b>6.7</b>	0.7
<b>Launch and develop a few ventures</b>	5.2	1.5	<b>6.8</b>	0.4	<b>6.0</b>	0.9	5.4	1.7
<b>Elaborate clear goals for the CV program</b>	<b>6.1</b>	1.1	6.0	1.0	<b>6.6</b>	0.6	<b>5.8</b>	1.2
<b>Design an appropriate CV business model</b>	5.9	1.0	4.8	1.5	<b>6.0</b>	1.1	5.3	1.8
<b>Establish a systematic stage/gate venture development process and guidelines</b>	5.3	1.3	4.6	1.9	5.6	1.3	5.3	1.2

Note: Rating scales with 1=Not at all important, 7=Extremely important. Other very important multiple mentions included: build a CV team, ensure top management commitment, plan compensation packages, secure financing.

In order to select certain ventures to develop during the CV setup different selection criteria are rated regarding their importance in Table 12. First of all under all four CV mindsets the two most important criteria of the given selection are strategic fit and the financial attractiveness of the venture opportunity. Under the mindset Window on Technology, Fostering CE and Option Building the selection criteria “strategic fit” is seen as more important than the financial attractiveness of the venture opportunity. Under Leveraging Corporate Assets the financial attractiveness of the venture opportunity is regarded as the most important of the mentioned venture selection criteria.

Table 12 Importance of different venture selection criteria during the CV setup

	Window on Technology (n=39)		Fostering CE (n=5)		Option Building (n=20)		Leveraging Corporate Assets (n=10)	
	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.	Mean	Std. dev.
<b>Strategic fit</b>	<b>6.0</b>	1.2	<b>6.0</b>	1.7	<b>6.3</b>	0.8	<b>5.4</b>	2.2
<b>Operational fit</b>	4.6	1.5	<b>4.4</b>	1.3	4.0	1.5	3.5	1.4
<b>Financial attractiveness of the opportunity</b>	<b>5.8</b>	1.0	<b>5.8</b>	1.1	<b>5.9</b>	1.1	<b>6.1</b>	1.3
<b>Venture's stage of life</b>	<b>4.7</b>	1.5	4.0	2.0	<b>5.1</b>	1.3	<b>4.3</b>	1.4
<b>Fit to other possible portfolio ventures</b>	3.7	1.7	3.8	2.2	4.5	1.4	4.0	1.7

Note: Rating scales with 1=Not at all important, 7=Extremely important. Other very important multiple mentions included: quality of the venture CEO and the venture management team, quality of co-investors and quality of the venture business concept.

## 8 Success Factors (Survey Results)

Each respondent was asked to mention three main problems and three critical success factors (open questions) for the first two years of a new CV program. The analysis results in the following six CV mindset-independent success factors:

- Sustainable corporate and top management commitment
- Right CV management team
- Internal and external networks
- Clear goals with a clear CV strategy
- An early venture success story
- Appropriate CV processes

## 9 Concluding Remarks

This survey makes some recommendations for large firms that plan to set up a CV program or want to readjust an existing one. Therefore we follow a trend to give more attention to CV objectives and appropriate business models (Campbell, Birkinshaw et al., 2003) and use a typology approach to pool a huge variety of possible CV objectives.<sup>2</sup> Despite specific recommendations for the CV mindsets Window on Technology, Fostering CE, Option Building

<sup>2</sup> Many CV research studies follow a typology approach (Becker, 2003; Campbell, Birkinshaw et al., 2003; Chesbrough, 2002; Mackewicz & Partner, 2003; Seeliger, 2004).

and Leveraging Corporate Assets we see that a new CV program has to be perceived as a long-term function in the armor of innovation management techniques. Therefore its role among other corporate functions has to be clear and the strategic direction has to be set with great attention. If you start venturing a CV unit with several employees (5-6) has to be established with evenly distributed competences in investment management, relevant industry knowledge and independent entrepreneurship. The CV setup is a top management task as active top management commitment is necessary, the CV unit has to be financed and organizationally located on corporate level and a top-class CV supervisory board has to be formed. The CV unit has to be placed in a central network position of both internal and external relationships. The survey results also show that in the early days of CV new ventures should be developed to a greater extent in adjacent than in existing or completely new business areas. Make sure, first to achieve strategic goals and second to produce financial success stories to execute CV on a sustainable basis.

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