



Stanford eCorner

Entrepreneurs in a University

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March 02, 2005

Video URL: <http://ecorner.stanford.edu/videos/1296/Entrepreneurs-in-a-University>

More and more universities are starting to see faculty and students create start ups. However, sometimes a conflict of interest can arise. Ku discusses how her office handles these entrepreneurs and conflicts.



Transcript

So I should just talk about startups, lots of interests by lots of universities. Universities have felt and actually a lot of economists feel that startups are the answer to economic development in a particular region. We just happen to be in a wonderful region where everybody is entrepreneurial. We just say it's in the air or in the water. And so, at Stanford we don't have to be so proactive in encouraging entrepreneurship. But in other regions of the country and Tina knows this, they're always coming to Stanford to say, "Well how do you do this thing?" "How do you make entrepreneurs, entrepreneurs?" So there's a lot of interests by all sorts of universities. Universities felt that they should share on the upside. And so there's been a lot of interests in the equity component. But for universities, they've been struggling with this concept for many, many years, 10 or 20 years about conflict of interests. How do you license a faculty startup or student startup, take equity in the company and stay pure, more or less pure so that the academic mission of the university is not skewed by financial interest or that students are taken advantage of.

You know, you don't want students to be working for a faculty company and being essentially slave labor or even just their thesis is being steered toward a company interest. So we care very, very much about student interest and the welfare of the students. We want to make sure the student gets a good education for education's sake and not for a financial reason. So we have a conflict of interest management approach. Many times, there are conflicts of interest. We recognized that. And so, there's a whole process in place that tries to make sure that the faculty and students understand what's going on with the particular financial transaction and then if it's manageable, it can be approvable. But within Stanford, it's very, very important and for potentially conflicted cases, we can't find the deal until the conflict of interest decision has been made that it's manageable and OK to go forward.