Innovation & New Enterprises…

1 History: M.I.T.'s Role

In November, 1973, Richard Morse, M.I.T. Development Foundation & Halsey Smith of the University of Maine at Portland-Gorham, submitted a 157 page proposal to the National Science Foundation (NSF). This proposal was Phase II of an earlier project funded by the NSF. M.I.T.'s Sloan School of Management had studied innovation, technology transfer and new enterprise formation based upon data from the post WW II period in Boston's Route 128. The operational objective for the Maine Institute for Innovative Enterprise is "…to alter inhibiting factors and influences and activate the innovation and entrepreneurial processes…" for Maine, a rural state with limited intellectual property. NSF rejected the proposal and refused to invest.

2 State of Maine

Halsey Smith, a banker in Portland, was convinced that the State of Maine did **not** need any more branch plants or industrial parks in the 1970's. Maine was a rural state with limited manufacturing capacity. However, Mr. Smith, who sailed regularly in the summer with successful technology company owners from Boston and investment bankers from New York, was surprised to learn…

- Route 128 technology companies had products in their file drawers that had limited national markets; therefore, they could **not** justify further investments. These patents could easily be licensed or transferred to enterprises in Maine.
- New York investment bankers were willing to invest long-term in locally controlled manufacturing (MFG) headquarters if it did turn **not** turn Maine into an industrial wasteland in their beloved summer vacation land.

3 Maine's choice between two futures:

Halsey Smith presented the W.K. Kellogg Foundation with the proposal in 1974. The W.K. Kellogg Foundation granted $1,000,000 if Mr. Smith would provide leadership. This grant created what was to become the first university based innovative enterprise and entrepreneurial institute in the U.S. However, Mr. Halsey Smith died after eighteen months. The project atrophied because the W.K. Kellogg Foundation staff lacked the expertise to recognize and expand its impact. The W. K. Kellogg Foundation project, based upon substantial research from the innovative Boston 128 corridor, articulated a model for transferring hidden intellectual property to rural states like Maine.

4 What are the lynchpin principles?

A critical mass of pooled talent in Boston and the east coast seemed essential to **transfer** resources and develop a sustainable innovative enterprise economy & culture in Maine. There are at least three observations that Northwest Arkansas can **profit** from as it "**integrates" reservoirs of hidden intellectual property and high impact talent pools for technology and executive roles** in the 21st century.

- **Hidden Intellectual Property** *and patents exist n myriad locations around the U.S. However, "trade secrets" are often the value added component to complement "patents" which are necessary but not sufficient although easily transferable between regions and/or companies.*
- **"High Impact" Entrepreneurs** *exist with actual experience and knowhow from organizing and leading previous product-market scaling processes. They will move to rural states and do not always need to own a controlling interest in a new enterprise. They just want to grow great companies.*
- **Long Term Equity Investors** *exist when motivated to preserve or develop a sustainable economy and not necessarily flip a company/investment because of its unique market potential.*

"Project New Enterprise," M.I.T. submitted a 157 page proposal to the NSF in 1973. See at www.TEC-Search.com

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