

**NEW BUSINESS DEVELOPMENT, PRIVATE AND OTHER USES
ADVISORY GROUP**

INITIAL REPORT (MAY 2003)

The Carolina North New Business Development, Private and Other Uses Advisory Group (hereafter the “NBD Advisory Group”) is charged with studying and developing “advice on defining, by category or type, those private, public or community uses that would both benefit from inclusion in Carolina North and contribute substantively to furthering the vision and mission statements for the University and for Carolina North.”

More specifically, the NBD Advisory Group was asked to provide a preliminary report to the Carolina North Executive Committee addressing the following issues:

1. recommended criteria for new businesses, private organizations, and other non-university uses to be located at Carolina North;
2. program and resource recommendations for infrastructure or other resources necessary for Carolina North to become an environment which facilitates the formation and growth of university-affiliated start-up companies and the recruitment of other targeted businesses or non-profit organizations deemed appropriate partners for Carolina North;
3. recommended process for identifying and recruiting new businesses or other non-university partners for inclusion at Carolina North; and
4. advice regarding the potential mix or balance of uses at Carolina North (research, residential, commercial).

This document represents the work product requested of the NBD Advisory Group by the Carolina North Executive Committee. The members of the NBD Advisory Group are listed in Appendix A.

- I. Recommended criteria for new businesses, private organizations, and other non-university uses
 - A. General principles
 1. The primary principle which should guide the decision-making regarding new businesses and other private uses at Carolina North is the degree to which the proposed activity or use supports and advances the broad missions of the University in teaching, research, service and economic development.
 2. A second principle is that the proposed use must advance the mission and vision statements endorsed by the Executive Committee for the development of Carolina North.

3. Carolina North is to be a unique environment. To meet the University's vision for the project, it will need to attract new businesses that will create mutually beneficial relationships with the University. Given the breadth of University strengths and activities, there are a wide range of potential firms that should be encouraged to locate at Carolina North. Carolina North though is much more than a typical commercial development. To achieve a mutually beneficial relationship consistent with the vision for Carolina North, new business or other private uses that wish to locate at Carolina North should establish relationships that incorporate: (1) a commitment to a sustained long-term relationship with the University, (2) a collaboration with University programs and/or research activities and (3) an engagement with the faculty and students.
4. New businesses, private and other non-university uses, whether university-affiliated start-up companies or entities recruited to the Carolina North campus, should be compatible with the communities of which UNC-Chapel Hill is a part and demonstrate a commitment to the economic development of the State of North Carolina.

B. Specific recommendations

1. Partnerships (e.g., interdisciplinary research programs, inter-institutional initiatives, university-government partnerships, university-nonprofit organization partnerships, and others) are likely to become increasingly important and prominent in the university environment. Carolina North provides a unique environment and opportunity to develop and grow key partnerships for University programs. Proposed new business or other private uses for Carolina North should enhance partnership opportunities at the University. These benefits can be realized and should be required from the smallest start-up firm to the largest corporation.
2. Any proposed new business, private, or other non-university use should demonstrably advance a key component or aspect of the University's academic mission and should have a University unit as a "collaborator" for location on Carolina North.
3. New business, private or other uses should be targeted to areas which parallel or support key program priority areas within the University, particularly where the University or its research funders are committing significant investments in research, teaching and other programmatic support.
4. Companies or other private uses "recruited in" for location at Carolina North should have a particularly close programmatic or strategic relationship with a University unit or sponsor; or should provide services or value-added functions which clearly advance the mission and activities of the University in general and of Carolina North in particular.

5. Proposed uses should advance the University's emerging emphasis and focus on leveraging University programs and strengths in ways which maximize their contributions to the economic well-being of the region and of the state.
 6. The following business, private, or other non-university uses should be presumed to meet the criteria associated with being located on Carolina North – (a) start-up companies affiliated with UNC-Chapel Hill, and (b) companies or non-profit/government organizations funding research at the University.
 7. Proposed new business, private or other non-university uses identified as priorities by those developing strategic economic development plans on behalf of UNC-Chapel Hill-based or for RTP-based organizations (e.g., the Research Triangle Research Partnership, the NC Biotechnology Center, and others) should be deemed to meet the criteria necessary for inclusion at Carolina North. By way of example, most such economic development plans specifically target the need to attract additional sources of pre-seed and seed stage investment capital; proposed uses for Carolina North which address this need should be an acceptable principle for acceptance of such an entity for location at Carolina North.
 8. New business (including existing corporations), private or other uses recruited to Carolina North may be those which themselves can demonstrate a successful track record in spinning out new companies or subsidiaries or in building their corporate business development strategy around key strategic partnerships with early stage technology-based companies of the type likely to be affiliated with UNC-Chapel Hill.
 9. Businesses or other non-university entities created or recruited to Carolina North, through their technical and/or product development strategy, through their financial management plan, through their particular manufacturing needs and capabilities, or through other means, should be able to demonstrate that their location and participation on the Carolina North campus is strategically tied to the economic development of the region and the State of North Carolina.
- II. Program and resource recommendations for infrastructure or other resources necessary for Carolina North to become an environment which facilitates the formation and growth of university-affiliated start-up companies and the recruitment of other targeted businesses or non-profit organizations
- A. General principles
1. The communication needs of new businesses or other private uses of Carolina North are critical, ranging from the most advanced internet and computing capabilities, to strategic design decisions and guidelines which facilitate the interaction of individuals who live, work or play at Carolina North.

2. Efficient and effective transit, transportation, parking and pathways are critical and will have a major impact on the “recruitability” factor for Carolina North.
3. Capital follows world class people. Thus, the same focus on individual excellence and accomplishment which guides the University’s academic recruitment and retention practices should guide the recruiting of business and other non-university entities to Carolina North.
4. All program areas of the University (and not just the “science and technology” areas) need to see Carolina North as an opportunity to expand their opportunities and capacities for partnerships with business, private and/or other non-university entities.
5. Start-up and small businesses need to be sustained in their early stages, and their growth and expansion needs should be accommodated to the extent feasible so that as many of these entities as possible will remain at Carolina North over time as they graduate from one phase to another.
6. It is probably best to avoid thinking of an incubation facility as simply a laboratory building with subsidized rents. Any such facilities should incorporate business development and marketing services, access to instrumentation, educational/conferencing facilities, and related business development or acceleration services and programs in addition to the facility component.
7. Although a single technology/economic development facility may be appropriate in the short term to facilitate the launch, incubation and development of start-up companies, a series of domain specific technology development “centers” might be appropriate over time – allowing for the development of specialized facilities, services, and programs for companies in various selected domain areas. Again, these “centers” should accommodate newly launched companies as well as small, growing companies within the various targeted domain areas.

B. Specific recommendations

1. The NBD Advisory Group recommends that over the long term, domain-specific districts or “clusters” should be developed at Carolina North – so that university uses, news business, private and other non-university uses, and related support services would be located in proximity to each other, thus enhancing the environment for partnership and collaboration for all activities at Carolina North.
2. In the short term, pursue the development of a center/facility for technology and economic development as a place and a program to launch, grow, and support start-ups, to recruit new companies, and to facilitate the expansion of existing firms in the region. Focus on business support services, shared equipment, access to capital, and partnerships with all campus units in developing this facility. Monitor and study the evolution of this program/effort to incorporate best

practices into a longer term strategy of developing domain-specific centers for technology and economic development as Carolina North evolves and expands.

3. Target and recruit service providers and retail establishments needed to facilitate the recruitment and retention of new business, private and other non-university entities to Carolina North and to support Carolina North's residential component.
4. Develop a UNC Business Development Network/Directory reflecting the University's and Carolina North's resources available to Carolina North business or other non-university partners. Incorporate this material into Carolina North recruitment and partner-relations materials and strategies.
5. Incorporate into Carolina North's business plan(s) specific strategies or programs which accommodate, to the extent feasible, the development of an environment which can facilitate and sustain the growth of small businesses over time. Leasing, design and construction, and financing arrangements will need to be consistent with University standards and practices – but where possible, flexibility should be build in which addresses the need for small companies to grow over time.

III. Recommended process for identifying and recruiting new businesses or other non-university partners for inclusion at Carolina North

A. General principles

1. A streamlined, efficient, business-oriented process should be established reflects earlier sections of this report for guiding the process of identifying, marketing, recruiting and approving new business, private, and other non-university uses for Carolina North. To ensure a strong connection of these uses with the academic mission of the University, the Vice Chancellor for Research and Economic Development, or his designate, should be the focal point of this process.
2. As business, private, or other non-university entities become partners on Carolina North, their needs and satisfaction must be constantly assessed and addressed so that further development, resource allocation, and other strategic decisions are as informed as possible.
3. Recruiting and marketing will be important aspects of Carolina North's ability to recruit established companies and to retain all business and other non-university entities located on Carolina North. The development of an executive function to address this need will be critical. This executive function must be able to operate with awareness and sensitivity to the highly competitive (and often confidential) nature of the corporate recruiting process.

B. Specific recommendations

1. An appropriate process or mechanism should be established to develop and implement criteria, strategies and specific recruiting targets for business and other non-university entities. The Vice Chancellor for Research and Economic Development should chair or manage this process. Specific review and approval by this mechanism should be required for each proposed business, private, or other non-university use.
2. A Carolina North Executive Office should be established as soon as possible and should begin developing and implementing a marketing plan immediately. The immediate and ongoing marketing effort should be nimble, market driven, internet focused, and structured to accommodate the realities of the business world and of the corporate recruitment process.
3. A key function of the Carolina North Executive Office should be partner/client support and needs assessment so that the needs and strategies of businesses and other non-university entities on Carolina North are monitored and reflected in recruitment, retention, and development strategies.

IV. Advise regarding the potential mix or balances of uses at Carolina North research, residential, commercial).

A. General principles:

1. Carolina North should be a vibrant mixed-use 24-hour environment with its primary focus being institutional and research activities. To achieve this mixed-use vision, Carolina North must also include retail / support services and residential components.
2. The Institutional and Research space shall be developed with a balance of University uses and new business, private and other uses.
3. The University should maintain long term ownership and control of the land.

B. Specific Recommendations

1. Retail / support services shall be sufficient to meet the needs of Carolina North's workers and residents so the development can operate on a "self-contained" basis (i.e. food service, coffee shops, printing, etc.).
2. Consider the creation of a "Support Zone" to be the primary area for support services, especially those that meet the needs of new and emerging business such as patent attorneys and venture capital firms.
3. Housing is an essential element of Carolina North but it is to complement the Institutional and Research activities. There should be a critical mass of residential but

it should be limited to an amount that will not reduce the development of Institutional and Research space.

4. Residential development at Carolina North should be directed to meet the needs of University and Carolina North employees.
5. For all developments at Carolina North – Institutional and Research, retail space and residential – the University should enter into long term leases or other vehicles to ensure the land will be controlled by the University over the long term.

Appendix A

New Business Development, Private and Other Uses

Advisory Group Members

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