E T&P

Choosing Between a Student-Run and Professionally Managed Venture Accelerator*

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This case presents challenges facing a student-run venture accelerator at a major university in the United States. The student-run model has attracted much media attention for its uniqueness, but it has also raised questions about its sustainability. Signals from a new dean, not invested in the student model, are putting much pressure on the student-chief executive officer to change course—to tweak the student-run model and fight for its future or cave in to pressures to "professionalize" it and let students take a backseat in management. The case highlights challenges in entrepreneurial leadership of a student-run accelerator at the point of initial growth.

Introduction

It was a busy Friday morning in February 2011. Dan Hands, the chief executive officer (CEO) of Eastern Bay University (EBU)-eLab, a student-run venture accelerator at EBU, had just spoken with the faculty advisor, Greg Daniels, who had delivered some disturbing news. A prospective dean, Peter High, whom they had met the day before, was going to get the job. The new dean was very skeptical of the sustainability of the student-run model. Daniels wanted Hands to propose a clear, persuasive plan for negotiating the fate of the student-run model, focusing on the sustainability of eLab. He would then present the plan immediately after the new dean assumed office in a few weeks. "Oh man, what's next? I wish the former dean was still around!" Hands exclaimed to himself. He wondered if he could save the student-run venture accelerator or if it even needed to be saved. He too had been concerned about its long-term sustainability. He was concerned mainly about eLab's high volunteer staff turnover rate due to mandatory internships which took students away for 6 months, twice or thrice during their undergraduate studies. He needed to talk to his colleagues and weigh suggested options carefully.

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* The names and characters in this case have been disguised to preserve their identity and parts of the case narrative have also been altered for teaching purposes.

EBU

EBU was established in the 1950s as an evening school for factory workers in a large industrial city in eastern United States. Over time, it transformed into a reputable, top-ranked private university with over 30,000 students and six colleges including its prestigious College of Business Administration (CBA), which offered bachelor's and master's degrees as well as PhD degrees. In 2011, the CBA's entrepreneurship program was listed among the top 10 Undergraduate Programs by the national business journal, *College Times*. At that time, approximately 1,000 undergraduate students were enrolled in CBA's entrepreneurship courses ranging from technology innovation, technology venturing, music entrepreneurship, family business, social entrepreneurship, and others. Outside the CBA, only a few entrepreneurship courses were offered by other departments across campus.

The university was renowned for its mandatory internship model of education and had been ranked by *Venture Month* magazine as the #1 College Internship Program for 10 consecutive years, from 2001 to 2011. Approximately 99% of students participated in full-time internships, exploring opportunities with more than one thousand employer partners across all 50 states and beyond, including Europe, Asia, Africa, and the Americas. For instance, students who graduated with a BA or BSc degree already had work experience in their fields of study and thus a better chance of securing jobs. However, for some of these students, the internship experience led to a preference for self-employment through entrepreneurship over corporate employment. Such students often started entrepreneurial ventures since they could enroll in independent internships (for up to four credits), with faculty supervision, to launch their own start-ups.

The Accelerator's Beginnings

EBU, like many universities, had sponsored an annual business plan competition to boost extra-curricular entrepreneurship. The competition, historically run by professors, had grown from $10,000 to $80,000 in prizes by 2006, which stimulated vibrant student entrepreneurship activity. In 2006, about 100 students and alumni had submitted their ventures from which 10 finalists had been selected to present their work. The winner was awarded a $20,000 prize while other finalists received smaller prizes. The prizes boosted the students' interest in entrepreneurial ventures. However, despite the obvious success of the 2006 competition, it had to be canceled in subsequent years due to a lack of faculty volunteers.

Resurrecting Extra-Curricular Entrepreneurship

In 2009, the dean of the CBA, Joseph Muchh, expressed interest in resurrecting the extra-curricular entrepreneurship activity at Eastern Bay. He approached Professor Daniels for help in resurrecting the program but with the caveat that it must have a new paradigm that was sustainable, yet novel enough to differentiate EBU from other universities. Before their next scheduled meeting, Daniels was called back into the dean's office. A group of graduating CBA seniors had come to propose a project called EBU-eLab, a student-run business plan competition meant to assist students and alumni to launch new ventures. eLab was to take the contest model a step further by coaching students on how to strengthen their business plans, and connecting students to resources, including

financing and business networks, to help the entrepreneurs develop self-sustaining and investment-ready ventures. When Daniels met with the eLab team members to learn more about their objectives, he was impressed with their detailed plans and their commitment to developing eLab even though all of the team members were seniors on the cusp of graduation. The team was particularly invested in the proposal because almost all of its members were student entrepreneurs who had not found adequate support on campus for their ventures.

Finding the New Paradigm

Daniels worked with the team to strengthen its model to further differentiate it from a typical business plan competition. As Daniels noted, "Unlike an annual 'winner-takes-all' business plan contest, the students' approach was to support a number of ventures rather than single out one 'winner' amongst the many applicants." The team researched micro-finance strategies and found that in capital-constrained circumstances, motivated entrepreneurs reaped outsized returns from small infusions of capital. The argument was that if a venture team incorporated critical milestones into its plan and needed funding to accomplish it, then identifying gaps in the path to achieving those milestones and filling those gaps were more important to the team than competing in a business plan contest. As such, the student planning team settled on an interdisciplinary acceleration program that moved a venture from a business concept to a milestone stage where Milestone funding would be provided to enable well-planned ventures (selected from a group of applicants) to close any gaps preventing them from progressing. Dean Muchh was extremely excited about this program and provided his full support.

Under the plan, ventures were classified into three categories: "Ready," "Set," and "Go." As Hands explained:

- **Ready** means "I have a business concept." The venture is beginning the business planning process.
- **Set** means "I'm pulling a team together; I've now identified my value proposition." The venture has identified all the things it needs to initiate execution of its business plan.
- **Go** means "My venture is ready to begin executing the business plan."

eLab provided training and business services to Ready stage ventures and accelerated them into the Go stage by providing Milestone funding at the Set and Go stages. In 2010, eLab's founders created this mission statement: "To provide a platform on which the entrepreneurial community at Eastern Bay University can connect. We achieve this by providing student, and occasionally faculty and alumni ventures, with coaching, connection to resources, and funding with the end goal of developing self-sustaining and investment-ready ventures."

Milestone Fund Model

Apart from the student-run model, the other key innovative differentiator in the new program was the Milestone Fund (see Table 1). Milestone grants of $10,000 covered ventures' initial "milestone" costs such as: raw materials, website, and social media development, as well as prototype manufacture of products and services. To obtain funding, entrepreneurs had to provide convincing start-up milestones that they aimed to

Table 1

Sample of Incomes and Expenses for eLab: 2010–2011

	Jan 2010 to June 2010	July 2010 to June 2011
Income		
Donations	$103,313	$216,453
Expenses		
Milestone funding	$10,000	$47,000
Events	$237	$5,679
Marketing		$2,429
Stipends		$19,657
Systems		$1,178
Misc.	$124	$412
	$10,361	$76,355

achieve. An example of such a milestone was from the ColdandWarm venture, an online travel company. The entrepreneurs behind this venture aimed to achieve an operations milestone to develop the front-end and the back-end of their business website, each costing $5,000, and totaling a $10,000 funding request. An investment committee evaluated the venture's request against specific criteria and made recommendations to an advisory board to approve the project for a Milestone grant. After the board's approval, the venture received a $10,000 Milestone grant with no payback obligations but with close oversight.

eLab, via its milestone funding, therefore awarded grants ranging from $1,000 to $10,000 to selected ventures. Daniels described the thinking behind this grant structure:

> My position was that these proposed ventures were too early to place a value on them. We were going to lay ourselves open to accusations that we were stealing companies from young, unsuspecting people. So it was better to focus on educating them rather than thinking of ourselves, the investors. These are grants with no obligation for repayment. There is an obligation to complete the milestones, but, then again, when you don't complete them, there is no punishment—except that it will be difficult to reapply if you did that.

Not a Business Plan Competition

Hands explained that the ventures that did not get funding still benefited greatly from the process but differently than in traditional business plan competitions: "Each venture gets our report on what they did well and what they did poorly and that goes to their coach and mentors. The venture team really gets to know what to improve on. We had one venture apply three times before it got funding, and it went from one of the worst applications to definitely one of the best three or four applications that I've seen." Because all ventures benefited, the accelerator was not operated as a winner vs. loser model like that of traditional business plan competitions. "In a business plan competition, if you place second, you get nothing . . . that's what we wanted to avoid here," Hands noted.

Table 2

Milestone—Funding From Inception to Mid-2011

Academic year	Venture	Amount	Month
2009–2010	Animal Art	$10,000	05–2010
2010–2011	Animal Art	$5,500	11–2010
2010–2011	Sorghum breakfast	$10,000	11–2010
2010–2011	ColdandWarm tours	$10,000	11–2010
2010–2011	Trainer Enhancements	$10,000	01–2011
2010–2011	Animal Art	$10,000	03–2011
2010–2011	FaceRatings	$10,000	03–2011
Total		$65,500	

Table 3

Distribution of Student Ventures Across the Colleges of EBU

College/department at Eastern Bay University	Team size	Percentage
College of Health Science	3	10%
College of Arts Media & Design	3	10%
College of Business Administration	10	34%
College of Computer & Information Science	2	7%
College of Engineering	3	10%
College of Professional Studies	1	3%
College of Science	2	7%
College of Social Sciences & Humanities	5	17%
Total	29	100

By July 2011, eLab had funded five student ventures with grants totaling $65,000 (see Table 2). The student ventures came from a wide range of colleges and departments across the university (see Table 3).
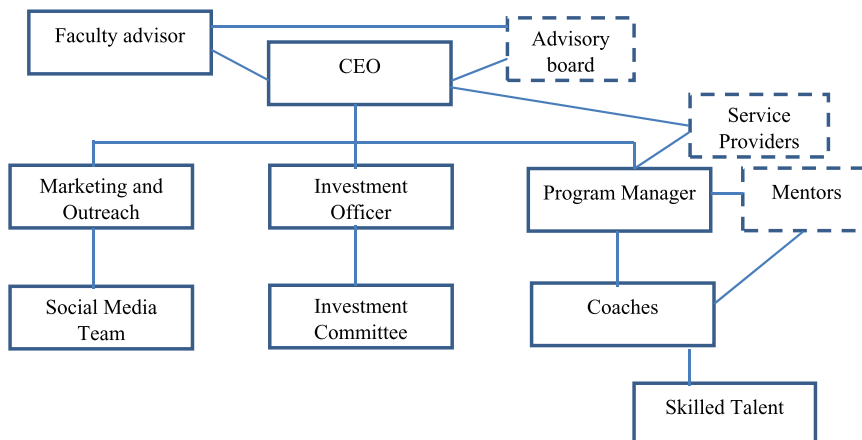
Raising Money for the Milestone Fund

Funding for the Milestone Fund came from charitable donations raised by the eLab team with the help of CBA's development office. Donations came from the advisory board, which consisted of alumni and other individuals. Potential advisory board members were solicited through organized investment forums at the university where they were presented with information about high-potential eLab ventures. eLab raised funds at these meetings through the CBA development office, and this effort consumed about 20% to 30% of the management time of the faculty advisor and key student executives of the management team. Hands noted:

Fundraising is one of the best parts of the experience we on the management team get out of this. We contact alumni through the development office. We go out, and we

Figure 1

Organizational Structure

Note: Broken lines denote external (to the university) entities with which the organization interacts.

pitch them. If any of them make a contribution greater than $25,000, we offer that individual a seat on the advisory board. We recently got our first non-alumni donation, so we're expanding the circle to include anyone who likes what we are doing.

In 2010, eLab had eight people on its advisory board (seven were alumni), and it had raised about $250,000. Although the entrepreneurs had no obligation to repay the grants, successful ventures were expected to contribute to eLab in the future. As Hands noted, "We hope that the ventures will become successful, and they'll come back and donate to the fund. We've had a couple of small donations so far, so it's starting to happen."

Student-Run Programming

As noted earlier, the concept of a student-run venture accelerator was the bedrock of the eLab program from the outset. The goal was for students to manage the preparation of ventures for Milestone funding and the entire acceleration process. The founding students worked hard to integrate the student-run model into the program. It started with a management team of about 10 student officers in 2009 who had been recruited from the general student body of mostly undergraduate students. All student recruits committed to remain onboard for a year or until they had to leave for an internship. As Hands explained, "The management team has three functions: managing a team of volunteers who coach the entrepreneurs in their venture development, coordinating various stakeholders, and evaluating the ventures for funding. It's pretty clear-cut." In addition to the management team, small teams of students provided the entrepreneurs with coaching services and technical skills such as graphic design, engineering, legal, marketing, and various kinds of support (see Figures 1–3).

Figure 2

Directions for eLab Financials

Granular Revenue
- Using a 3-year projection, please fill in spaces for each year to the best of your ability.
- Give conservative estimates for how many products and/or services.
  - For example, if you are making a tablet computer and estimate that you will sell 100 in the first year, put 100 in the space next to **# of products sold per year per customer** and under the **year 1** column.
- If you plan on selling directly to customers only, fill in **Channel 1 (to end customer: direct selling)**
- If you plan on selling to an intermediary (wholesaler, distributor) only, please fill in **Channel 2 (to distributors or wholesalers).**
- If you will be selling directly to consumers and to an intermediary, please fill in both Channel 1 and Channel 2 separately to show the price differences per product as well as estimates of how much you will sell in each channel.
- All rows or columns with 0.00 should populate automatically as you fill in the data described above. Please do not change these formulas

P&L (Profit & Loss)
- Using a 3-year time projection, please fill in all areas highlighted in gray to the best of your ability.
- Remember to keep your estimates conservative.
- Only fill in the rows that apply to your particular business.
  - For example, if you have no service revenue because your business has invented a product to sell, do not fill in any numbers under **service revenue**.
  - Also, if certain expenses do not apply to your business, leave those sections blank.
- All rows or columns with 0.00 are formulas that should populate automatically as you fill in the data described above. Please do not change these formulas.

Funding Request
- For each milestone that you plan to complete, please provide a detailed summary of the amount of funding you are requesting for each milestone. Remember that the maximum funding request is $10,000.
- Fill in the categories in gray that apply to your funding request only.
  - For example, if Milestone 1 requires R&D expenses of $1,500, put $1,500 next to R&D for Milestone 1.
- Under each Milestone, also briefly describe that particular milestone next to the **description** category.
- Lastly, please put a start and end date for each Milestone.
  - Fill in as many Milestones as needed for your business.

Leveraging the Student-Run Model

Getting Alumni Attention

The student-run model quickly gained traction and was used by eLab to raise more funding and support. For instance, the uniqueness of the model was heavily touted in raising money for the Milestone Fund from alumni. As Hands noted:

Figure 3

Milestone Funding

eLab awards Milestone funding on a monthly basis. The Fund commits up to $10,000 in capital to qualified ventures based on their identified capital requirements.

Funding is awarded to student and young or recent alumni/ae ventures that have been approved by the eLab after a rigorous month-long review of their business plans, milestones, and capital needed to accomplish them. eLab's Investment Committee and Advisory Board perform this review.

To fairly and consistently evaluate venture applications, each venture is fully evaluated by eLab's Investment Committee based on five criteria:

1. Quality of Market
2. Quality of Solution
3. Business Model: Is There Long-Term Profit Potential?
4. Impact of Milestones [on what?]
5. Quality of Team

Frequently Asked Questions

What are the requirements for a venture to apply for Milestone Funding?

A venture must:

1. Have at least one team member who is an active Eastern Bay University undergraduate/graduate student or Eastern Bay University alum
2. Have been in the eLab program for a minimum of one month before the submission deadline
3. Complete the Business Planning Guide [worksheet?] with a specific outline on funding milestones
4. Get a sign-off from their eLab coach

When can ventures apply?

Ventures can apply on the dates listed below. Funding decisions are made one month after application deadlines and ventures are notified immediately afterwards.

Application deadline	Funding decision notification
September 15	October 15
October 15	November 15
November 15	December 15
January 15	February 15
February 15	March 15
March 15	April 15
June 15	July 17

Will eLab take equity in my venture and do I have to pay eLab back?

Milestone Funding awards are grants with no contractual obligations to the University. eLab does not take equity in ventures nor does it retain the rights to any of their intellectual property developed with eLab funding. The grants do not require repayment. eLab does encourage successful ventures to donate to the Milestone Fund, but there is absolutely no obligation to do so.

How are funding decisions communicated to ventures?

Funding decisions (both Yes or No) made by the Investment Committee will be communicated directly to the ventures on the Decision Date. If a venture is awarded a grant, eLab's Finance Committee will meet with the venture and their coach to discuss the terms of the Investment. Regardless of the outcome, eLab will continue to work with the venture.

How is funding awarded and what happens next?

Receiving funding obligates ventures to use the capital to accomplish the agreed upon milestones [within any deadline date? a year? two years? Is there any obligation to show how the money is spent?]. eLab meets monthly with funded ventures to track their progress and ensure financial responsibility.

Can ventures apply multiple times?

Venture that have been awarded funding can reapply for additional funding.

What happens when ventures need more capital than eLab can provide?

When a venture reaches a stage where its needs more capital than a Milestone Funding grant, eLab will work with them to raise capital from external sources.

We bring up the student-run aspect in all of our fundraising pitches. Actually it's the first thing we mention. Alumni are often enamored by the student-run piece of the program. They often say they wish they had done that when they were in college. So that helps us a lot in fundraising, and for a student leader, it's very flattering.

A Conversation Piece

Other faculty leaders in the CBA and across the university had also started promoting eLab and its student-run model with colleagues in industry. Further, EBU's president frequently visited the venture fairs organized each semester by eLab to showcase entrepreneurial ventures on campus. He subsequently started taking CEO Hands along on networking trips across the country to alumni and industry meetings and also included the eLab's student-run model in his pitches to university partners for funding. It appeared that student-run extra-curricular programs were good promotional material in fundraising pitches with both alumni and industry representatives.

The Press

The press within and beyond the university also featured the eLab program in a variety of articles. An average of about six articles per each 13-week semester had been featured in the EBU online newspaper, http://www.ebuniversitynews.edu, since eLab was established in 2009. Regional print and TV news outlets, as well as the national media, also featured the eLab. One of these articles in a local media outlet was titled "While other schools build business plan competitions, Eastern Bay builds businesses."

eLab was also featured in 2010 on the TV network MSMDC's "My Venture." a 5-minute segment on intriguing start-up stories across the nation. The segment featured eLab's then outgoing CEO Ashman Rio and two of the first ventures in which the accelerator had invested in 2010. MSMDC noted that while a number of educational opportunities provided support and funding for current and future entrepreneurs, "Eastern Bay stands out because its accelerator is run entirely by college students." The segment was a big boost to the eLab. As Rio noted, "This national news story highlights the uniqueness of our model. There may be other student-run accelerators but regardless, it shows we're one of the most successful student-run accelerators in the world." Hands and his team also believed that such media exposure was responsible for the exponential growth in the number of student ventures registering for the basic service of venture coaching from eLab when they took over its management in 2010.

Indeed, the phenomenon of campus accelerators (and incubators[1]) had been on the rise. A recent *New York Times* article suggested that many students were motivated by the success stories of young entrepreneurs and were increasingly developing entrepreneurial ventures on campuses (Pappano, 2012). Universities were responding with high numbers of accelerators opening on both technology-centered and non-technology-centered campuses. Furthermore, a 2012 Business Incubation Industry report by the National Business Incubation Association (2012) reported that about 32% of North American incubators were sponsored by academic institutions. Clearly, many universities were putting in much effort on this front. What made EBU stand out was that it was among the very few universities experimenting with a student-run model for venture acceleration.

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1. Accelerators and incubators may vary in terms of type and length of support to ventures, as well as the amount of equity taken. Nevertheless, they are similar enough to support our discussion of both in this case.

Research on Student-Led Programming

The national media attention that eLab had generated prompted many inquiries to both Hands and Daniels. These two were approached by faculty members at EBU and beyond seeking to better understand how student-run accelerators could advance student entrepreneurship. As a result of eLab's notoriety, EBU faculty successfully submitted three workshop proposals to national and international management conferences in 2011 focused on student-run accelerators.

eLab CEO Dan Hands

Given the positive media attention that eLab had garnered, CEO Dan Hands was struggling to keep up with the enormous amount of work needed to sustain the organization. While he had six student colleagues to help run eLab, he did the bulk of the work because he was the CEO and was highly invested in it. The son of successful self-made entrepreneurs—his father was a handyman and his mother was a beautician—Hands learned early on that he could earn a good income if he worked for himself and that he could enjoy a degree of freedom being his own boss. So, although his experiences as an Eagle Scout nudged him toward a naval academy when he was choosing college programs, he knew he needed to earn a strong business degree. He explained:

> I wanted to study entrepreneurship and business. Eastern Bay did not have a strong entrepreneurship program compared to other schools. There were schools in this area that were better known for entrepreneurship. But I liked the internship program. Now look at how much Eastern Bay has changed! Glad I made that decision!

At Eastern Bay, he played a very active part in campus activities and gained admission into the much-coveted sailing team. As for internships, he sought jobs at larger corporations that offered training in enterprise systems such as CRM software because he wanted to learn about operations in such contexts. Once he mastered his college routine as a freshman, Hands started to explore his entrepreneurial side. He was interested in student organizations that he could help build so he could make an impact on campus. He found that his knack for building things with his hands as a child remained as strong as ever. He explained "I've always liked building things. My favorite thing growing up was Legos . . . I'd build a huge town and leave it for my sister to play with and then I'd start over."

He did not want to just strengthen an existing organization but to play a crucial role in building or rebuilding one. So, in early 2010, he sought out student organizations that fit his interests and skills. It was then that he got a call from a personal friend of his, the marketing officer of eLab, asking if he was interested in replacing her when she graduated in a few months. He knew immediately that eLab would fulfill his needs. He had heard and read about eLab months prior and was very impressed with the program. He also heard that it had some challenges and that piqued his interest. He immediately accepted the offer.

Once Hands joined eLab, his opportunity to make an impact also came quickly, as he explained:

> There was interest to do a new eLab event and the idea came to me a day or two after I got back from a trade show. I had just seen a massive, impressive, display of technology, and it was really exciting. I thought we could get a trade show for our ventures. So that became the vision: a trade show. It was an entrepreneurs' show which turned out to be a much bigger undertaking than I, or any of us anticipated, but that's how I got my first leadership opportunity.

Three months later, Hands was asked if he was interested in succeeding the founding CEO, Ashman Rio, and his answer was an emphatic "yes." After understudying Rio for a few more months in 2010, Hands was installed as the new CEO of eLab for the 2010–2011 academic year.

The Dark Side of eLab

High Turnover Rate

Despite the positive perception of eLab, both on campus and across the country, Hands soon saw the student-run model as a double-edged sword. It provided tremendous opportunities for entrepreneurially minded students to start a venture and participate in an accelerator that provided both human and technical resources to manage the multiple relationships and technical skills needed for effective acceleration. Further, the strong internship program at EBU offset the problem of eLab volunteers' lack of experience because most of the students who participated in the program as staff volunteers had completed at least one of two or three 6-month full-time paid internships by the time they worked for eLab. Hence, due to the relevant interning experience most had, they were typically confident in their abilities and comfortable in their eLab roles.

However, despite the positive impact it had on the eLab, the internship program also posed the main challenge faced by the student-run organization. As noted earlier, the university required all undergraduate students to enroll in a 6-month internship. Students therefore needed to work full time at internship jobs for 6 months at a time in order to fulfill the requirements. This meant volunteers only stayed at eLab for 6-month periods which disrupted management of the functional areas of the organization. Even when eLab tried to solve this problem by recruiting freshmen to understudy officers for a year, 50% of them had to leave for their internships at the end of the training. So although different academic schedules made it possible to fill various positions, doing so successfully was always stressful for the management team. Hands described the problem:

> The students on the management team come and go every six months. Almost everybody leaves for internships for six months, people graduate and people get tired of doing this because they need more time in school when they come back from internships. So, we always have to find new management team members and get them up to speed quickly. Basically such frequent resourcing is killing us. Also, there are always incomplete handoffs from cohort to cohort. We normally don't think about it, but volunteers going on internships probably cause the most disruptions in our program.

The disruptions in the management team also affected relationship building with the advisory board of alumni donors. The board struggled to keep track of the ever-changing members of the management team. Hands explained his concerns:

> I fear that, over time, the advisory board will minimize its investment in relationships with the management team because it changes so frequently. I'm thankful that 6 months of my 12-month tenure is basically an internship. That makes sense. It allows me to maintain yearlong relationships with the advisory board and other team members. What would be ideal is if more officers on the team could be granted that same opportunity to intern officially at the eLab.

Impact of Turnover on Venture Relations

The internship program also affected the relationships eLab needed to maintain to operate efficiently. As noted earlier, eLab routinely recruited a number of students to be coaches for the young entrepreneurs. In line with the student-run model, student coaches used a business planning guide to support the ventures through the development of their business models. The process of assigning coaches was quite challenging because the team had to find a good fit between the coach and the venture leader in terms of skills, experience, and interests. The management team thought that the best matching occurred when it developed organically without much guidance. However, because members of the eLab management team had to leave every year for internships, there wasn't enough time for interactions between coaches and venture teams to grow organically and lead to effective match-ups. Further, where match-ups were formed, they felt temporary and ended or changed every 6 months.

Impact of Turnover on External Relations

eLab gave the ventures the opportunity to interface with businesspeople across industries who served as mentors. Such relationships helped mitigate the student coaches' lack of experience and exposure. Thus, a coach played a facilitation role between the venture and the industry mentor especially since a coach basically "readied" the venture for interaction with the mentor. However, due to coaches having to leave for internships, mentors frequently changed coaches and lost the rapport they had worked so hard to develop.

Service providers—professionals (and organizations) including lawyers, accountants, and management and marketing consultants who also mentored the young entrepreneurs—were also affected by the eLab student-volunteer staff turnover. These providers exchanged their services for the networking and promotional exposure they gained from interacting with young entrepreneurs and business faculty as well as from being featured at eLab events and on its website. Despite the benefits they received, the internship schedule affected their interaction with the entrepreneurs. Hands explained:

> We had started hearing about "no shows" on the part of venture team members after we introduced them to service providers. They basically up and leave for their internships for six months, and these providers who are providing their services for free, feel snubbed! So that's always hard. It even happens with the student service providers as well. We have a resource pool of graphic design students, law students, engineering students and the like, who provide their skills to ventures for free or for a small stipend. More often than not, work assignments have to be scheduled on a one-semester basis because of internships. So we don't win there either.

It was clear to Hands that innovative ideas and organizational changes were needed to minimize the negative effect of high turnover at eLab due to volunteers leaving for internships.

Change of the Guard

Shortly after Hands took over as eLab's CEO in September 2010, Dean Muchh was diagnosed with a late-stage cancer and took a leave from work. It came with shock and sadness for the CBA community. A provisional dean was appointed, but Dean Muchh passed away a few months later. A search for a new dean commenced very quickly, and by

December 2010, a strong candidate, Peter High, had been invited for a second visit to campus. As part of the interview process, High also met with CBA student groups, including the eLab student team, CEO Hands, and faculty advisor Daniels. This meeting with High shook Dan Hands to the core. High said he was interested in expanding the eLab if he became dean, and he relayed to Hands and Daniels a conversation he had had with the university president. Hands recounted that conversation:

> He basically proposed to the president that he wanted to take the lead on changing the intellectual property policies of the university. He wanted to revamp tech-transfer for the commercialization of new ideas. The implications of High's ambitions could be huge for eLab. On the one hand, High's ideas are very exciting because eLab will play a stronger role in the eco-system but the devil, as they say, is in the details.

High's plans were based on his reaction to the strides EBU had made in science and engineering. EBU had significantly expanded its sciences and engineering departments in the late 2000s, and High felt that a change in the intellectual property policies in order to accelerate commercialization would help the university to fully realize its potential. For example, eLab would immediately experience an increase in the number of technical ventures applying for its services if High's plans were to come to fruition.

At the meeting with Hands and Daniels, High focused on the need for strong management of eLab to improve its performance and ensure that it could handle an uptick in new ventures from tech-transfer if the policy change was successful. He asked many questions about the student-run model and was skeptical about its ability to ensure long-term success. After the meeting, Hands confided his anxiety about High to Daniels as they walked back to the eLab:

> I like Peter, and I think he has good ideas for the CBA and its students. I can understand why he wants to improve the eLab, and why it's one of his primary goals coming in. I also understand the implications of a change in the intellectual property policies of the university. It will likely lead to many more new technical ventures, as students and faculty begin to take advantage of the relaxed rules. But I'm worried about the implications.

Daniels interjected:

> I think the question is whether eLab needs to be re-structured in a way that reduces the doubts expressed lately about sustainability. We also need to be able to show the college how we can cope with a massive increase in technical ventures if tech-transfer becomes easier. Those are the questions I think we need to seriously think about.

Hands continued, ignoring Daniels' line of thought:

> Well, I sat in that meeting and didn't get a good feeling. I felt like he wanted to put his badge on dismantling the student-run model on day one! Even if that's not what he wants to do, I just don't believe that the student-run model is on board his ship. I understand that he is not invested in the model like we all are. Any outsider coming in would naturally not be, and that makes it scarier.

Daniels kept quiet, but before they parted ways for the day, he reminded Hands that Dean Muchh was the sole champion of the student-run model and that the eLab may have to prepare for change going forward. That was when it dawned on Hands that he was facing a serious situation and that he had to take action to save the student-run organization that students had worked so hard to build. Or, he wondered, was it really time to rethink the student-run model?

Feeling the Squeeze

The next day Daniels called with news. A member of the search committee told him that High was likely to get the job. So he suggested that they develop a proactive plan to convince High when he came back that the student-run model was the best going forward. Since strategic decisions had historically been proposed by the eLab's student leaders, Daniels gave Hands the opportunity to develop a plan that addressed the challenges eLab faced, primarily the problem of student turnover due to internships. This plan would come in handy because eLab was already poised to expand rapidly to invest funds it had recently raised. With $250,000 in funding and increasing commitments from donors, eLab's management team had discussed the prospect of doubling its funding activity to one Milestone grant per month. If a new plan was going to be developed by the team, it needed to be in place before the investment timetable was revised.

Many questions flooded Hands' mind as he put down the phone. If the student-run model was preserved, how could the high volunteer-staff turnover rate be lowered or managed? What strategy could address this? Should he propose an the abandonment of the student-run model and devise a plan for professional management by faculty or outside professionals, but one that still included opportunities for students to participate in eLab operations? With such a plan, how could this transition from the student-run mindset to a "student-supported" mindset be made? Would the students lose interest? Would eLab lose donor interest and funding without the student-run model? If the change were made, could eLab transition back to a student-run organization? He slumped in his chair. "I've always been excited about a challenge, but, boy, this one is tough!"

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