

**SYNERGY BETWEEN BUSINESS AND ACADEMIA**  
**Remarks by Robert P. Forrestal, President**  
**Federal Reserve Bank of Atlanta**  
**To the Faculty and Students of Georgia State University**  
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**I. Introduction**

- A. I am honored by Mike Mescon's invitation to talk with you this morning.**
- B. I am always pleased to have an opportunity to talk about the important subject that Mike asked me to discuss today; namely how the business and academic communities can and should interact.**
  - 1. In America there has always been a synergy between business and academia that doesn't exist to the same degree in many other countries.**
  - 2. There are still areas where a gulf between the two worlds exists, however.**
    - a. Many businesspeople view academics as living in ivory towers far removed from the realities of day-to-day business.**
    - b. Academics for their part often see business people as lacking in the appreciation for theoretical foundations that they value highly themselves.**
- C. Particularly at a time when the globalization of markets is forcing us to reexamine our competitiveness, it is crucial that we work to diminish what gaps remain between these two forces and bring their synergy to an even higher level.**
- D. I'll look at how both sides can extend themselves individually to enhance cooperation, then discuss ways in which business-academic partnerships can physically work together.**

**II. The Academic Community**

- A. The key contributions that the academic community can make to those in business exist on both the macro and the micro-economic level: you can provide the "big picture" and also offer input of several kinds on the smaller pieces that make up that big picture.**
- B. Keeping up with the "big picture" is especially difficult today because of information explosion.**
  - 1. A frequent complaint heard from managerial level people and owners of small businesses is that they can't keep up with the reading in their fields; they are necessarily caught up in the specifics of keeping their work flowing.**
  - 2. Yet this big picture perspective is particularly valuable for long term**

planning by businesses. It helps them adjust their products and services to the constantly changing market.

3. There is a need, then, to have the enormous body of available information digested and synthesized and also to have opposing theories and viewpoints presented in cogent forms.
  4. This goes beyond economic forecasting and market research to such matters as shifting demographics.
  5. What you can offer is an expansion of scope, all the way from the regional to the global; and as I mentioned at the outset, people in business today need to be thinking in global terms even if they think of their own business as local or regional. You in academia can offer that perspective.
  6. Public seminars, radio, and public television offer formats through which academics can update business people on the big picture.
- C. With regard to the micro-economic level, academics, because of your theoretical overview, are in a position to develop specific applications of the entire range of products offered in the marketplace.
1. Not only in technology like software development, for example, but in everything from evolving new management structures to identifying unique types of services that could be offered.
  2. An example that comes readily to mind from recent experience is portfolio insurance, which was a concept that took shape in academic literature before being applied in the markets.
  3. This creative potential lies in your relative freedom to experiment.
  4. Business is constrained by the demands of competition, whereas the university can be concerned primarily with the theoretical integrity of a project.
  5. You need not ask "can it sell?" but "is it possible?"
- D. In terms of the specifics of globalization, the university can go further to stress languages and other tools that will help prepare the cadre of internationalists we will need as time passes.
1. There is no reason why business majors should not be as well versed in foreign languages, political systems, and world history as liberal arts majors are; space should be set aside in the curriculum for this important concern.
  2. In this way, our colleges can help provide a meeting ground between U.S. businesses and the foreign cultures with which they must increasingly interact.

### III. What can the business community offer those of you in the academic area?

- A. I think the strongest contribution business can make is to help universities most where the deficiencies are in my opinion most pronounced--marketing.**
- 1. By this I mean identifying the market for the university's primary product--its graduates as members of the work force--and in engineering that product, if you will, to meet changing demands of the market provided by businesses.**
    - a. Thus universities need to know where most of those in the labor force are lacking in skill so they can aim corrective measures at students who will enter the labor force and those who will become the teachers who prepare those who go directly from high school into the working world.**
    - b. Through vehicles like advisory groups and panel discussions with academics, businesses can contribute a great deal of information on their needs that would help colleges do their jobs better.**
  - 2. At the same time, too many young people lack a clear sense of what equipment they need in the work force--they often lack decisiveness in planning their courses because they lack models that would help them set their sights on a given career.**
    - a. Perhaps in conjunction with recruiting day for seniors, they could take an extra hour or two to speak to underclassmen about what their corporate cultures are like, what kinds of jobs are available, thereby planting the seeds for a better crop of new candidates several years down the road.**
    - b. Increasing the availability of internships is a way business could help in the task of giving specialized training and also open individual channels of communication with academia.**
      - (1) Internships give students the opportunity to acquire the "nuts and bolts" training that they are not and should not be getting in college. At the same time, it helps them make important career decisions by giving them a little bit of exposure to what real jobs are actually like.**
      - (2) One more type of "internship" that might be a good idea would be regular invitations by businesses to faculty members to come to business facilities and get an in-depth picture through meeting with management and touring facilities.**
    - c. Also, businesses need to become more receptive to students with other types of specializations like literature and history, for example. They should understand that individuals with these kinds of training will ultimately increase their competitiveness in the global marketplace**
  - 3. I am not saying that businesses should turn fine institutions like Georgia State into vocational schools, but gestures like this would help give a grounding in the real world to the book-learning received in school.**

- B. I also feel business needs to exercise more flexibility in its approach to the research products of academia.
  - 1. One criticism of U.S. business in recent years in global market is that we are slow to come to market with the ideas generated in our own research centers, leaving the fruits to others.
  - 2. Biotechnology, for example, is a field in which the basic research was developed here, but the Japanese, we are told, are likely to beat us to market with applications of the technology.
  - 3. Superconductors is another area where if we are not careful we might end up with the ideas but not the products.
  - 4. Creative ideas represent our competitive advantage in the global market, but we often let opportunity slip to others while we waste time trying to decide whom to blame for our trade deficit.
  
- IV. Businesses and academics cannot only teach each other these kinds of things, but they can work together through business/academic partnerships to help their local communities in important ways.
  - A. Here in the South, for example, it is important for these two institutions, the corporation and the college, to help communities develop plans for their future economic growth.
  - B. More concretely, this partnership could take form in organizations like the Advanced Technology Development Center, where the spinoffs of academic research are given the practical support they need to evolve into self-sufficient business enterprises.
    - 1. I would like to see more efforts of this nature concentrated in other types of business.
    - 2. One possibility I have suggested before would be a data-processing center located along one of our superhighways in rural Georgia, where low-cost labor is plentiful. This would help keep a profitable service, which is now being exported to places like Korea, here in the States.
  
- V. Conclusion
  - A. I am sure there are many other ways that businesses and the academic community can fruitfully cooperate, but I have attempted to paint a picture for you in broad strokes that would highlight some of the more important ways.
  - B. On both sides of this mutually supportive relationship we must work to bridge the gaps that at times threaten to widen into self-defeating squabbling.
  - C. Business people and academics have much to offer one another--what is really needed is the increased communication that will lead to greater exploitation of the opportunities each offers the other.