

QUESTION

How can we best harness the innate entrepreneurial spirit of our students, staff, faculty, and alumni?

SOLUTION

This paper specifically addresses the question regarding how to harness the entrepreneurial spirit of the FIU community, but is applicable more broadly to answer many of the questions asked by the FIU iREAL Commission.

The broader issue is Change. Five of the questions asked include the word “change” and the remaining questions are synonymous with issues of change.

Change is inevitable but it doesn't need to be traumatic. One way to manage any change is to have enough resources; resources that are accessible and can be deployed intelligently. Resources come in many forms but the ultimate resource for a public university is **unrestricted fund balances**.

How is entrepreneurship related to unrestricted fund balances?

It's simple. One of the only remaining methods to generate unrestricted fund balances is to generate 'profits' from university auxiliaries. Auxiliaries are university-run businesses that can leverage the captive market at FIU by providing useful and needed goods and services to the university community.

In order to foster the pursuit and growth of these businesses, the university should create and approve a bonus program under its Bonus Policy (<http://policies.fiu.edu/files/734.pdf>) that directly rewards the creation of unrestricted fund balances.

The bonus program should be simple to understand.

For example, a variable compensation bonus (already allowable under the current Bonus Policy) that awards employees 1 percent of the new unrestricted fund balances created by their auxiliary each year. That is, for each unrestricted dollar that a department or employee creates, they will be rewarded with one penny. The pennies can add up and this incentive would be pervasive and easy to understand.

Generating \$1 million in unrestricted fund balances for the university would equal a \$10,000 bonus for the employee or department. This is a low cost for new funds.

Comparatively, borrowing \$1 million would cost at least 4 percent or \$40,000 each and every year the loan was outstanding – and that's IF the university could borrow the money. The proposed bonus program would require just a single payment of one percent for each new dollar of restricted fund balance.

Tapping into this potential would require Change. However, this proposed change pays for itself and delivers measurable results.