

Lessons from AGCO: Successful university collaborations



How does a large company create relationships with universities that can aid product evolution, accelerate R&D, and help attract top talent?

We put those questions to [Ravi Godbole](#), the Global Manager of Research, Advance Engineering and Innovation Initiatives at [AGCO](#), a \$10.8 billion manufacturer of tractors, combines, and other farming equipment. Below, Godbole shares his advice on setting the right expectations, and assigning employees to manage each major university relationship. One key driver of AGCO's university strategy? Pursuing organic growth, as opposed to growth through acquisitions.

Q. Tell us a little about AGCO.

A. AGCO is a global leader in the design, manufacture, and distribution of agricultural machinery. AGCO supports more productive farming through a full line of tractors, combines, hay tools, sprayers, and many other products.

Our products are distributed globally through approximately 3,100 independent dealers and distributors in more than 140 countries worldwide. Founded in 1990, AGCO is headquartered in Duluth, GA, USA. In 2013, we had net sales of \$10.8 billion.

Q. And what's your role there?

A. I manage the global Research and Advance Engineering (R&AE) team for AGCO. We review and prove out a lot of ideas by creating working concepts for product development consideration. These concepts add value to our future products, and also may open new opportunities for AGCO. I also manage our University Research Strategy and find ways to involve them in our R&AE projects among other things. It is an exciting role where every day brings something new on my plate.

Q. Sounds like you've found ways to successfully work with universities. Why did you pursue that strategy?

A. AGCO had primarily grown by acquisitions until 2004, and a few companies we acquired in Europe (such as Fendt, Massey Ferguson, Valtra) had good university relationships. As we started focusing on organic growth, new product development became a focus and we realized the need to collaborate more with universities and suppliers. Over the past five years, all our major engineering facilities have developed a good university footprint over the past five years.

Q. What were your goals or objectives?

A. With universities our goals are three-fold. The first is nurturing a pipeline of talent by way of summer internships, sponsored student design projects, and scholarships, so we can attract a proven candidate who is already interested in AGCO. The second is involvement in their academic programs so that the graduates have the right skillset to directly walk into our jobs. The third — and the most important for my team — is their ability to prove out some of our research concepts, or in some cases test our products in an unbiased and cost effective manner.

Dimensions of University Relations



- Match university capabilities and AGCO's interests for a mutually beneficial relationship. Various avenues of pursuing joint work.
- Geographical strategy of forming relationships with
 - Local centers of excellence for talent and research
 - Global universities for unique research and knowledge
- Talent attraction is a key aspect
 - Participate in student club events and career fairs on campus.
 - Form a relationship with future talent via Scholarships and Internships
- Universities add value via Research and Unbiased Testing
 - Sponsor Sr. Design projects at campuses
 - Graduate research student support
 - Partners in Government Grant Applications
- Best Practices that have worked
 - Clear agreements: NDA, Project and IP Agreements
 - Single point of contact within AGCO to foster each strategic university relationship

• **R&AE Team is often a lead player in university relations**

Q. How do you measure the success of those relationships?

A. Boy, that is a hard question! Any university relationship has the potential to be a win-win on any or all the above levels. We track the number of interns and hires from each university, and of course the schools develop a reputation with hiring managers within AGCO fairly quickly. Each research project has a clear objective and timeline which is not too difficult to measure. I get excited when some of the leading professors offer fresh ideas to AGCO before anyone else, which suggests that they find us open-minded and easy to work with.

Q. What lessons have you learned?

A. Develop a few good relationships and manage them well. Choose the right university for the right purpose. Some universities are good for hiring, and some are good for research. You can nurture relationships with those “hiring”- oriented schools by organizing campus events, student visits to company facilities, etc. We choose research universities based on faculty interest and drive, as well as the experimental facilities they offer. Another interesting observation is if the university is within driving distance of our facilities (3 to 4 hours) it helps, because it supports more frequent face-to-face interactions. Of course, for the right skillset we will chase the university no matter where it is.

Q. What are some pitfalls you’d recommend companies avoid?

A. Don’t give high-pressure or time-sensitive projects to a university. They typically like to do a thorough job of researching the issues and proving a hypothesis or concept. IP ownership is a sticky issue, and the terms are best negotiated up front. Although some of the universities have realized that they went too far on these licensing deals and are being a lot more flexible. University overhead costs are becoming prohibitively high (40-plus percent of the budget goes to the central office!), and we hope universities realize this and make necessary corrections.

Q. Anything else that other innovation or R&D execs should think about when working with universities?

A. Yes, one last thing: consider assigning an employee as relationship manager for most of your major university partners (typically an interested alumnus.) We have seen this model work wonders not just for damage control but for all-around growth of a partnership.