

SPECIALREPORT

Something ventured

Green shoots after a long winter BY ANDY PERRINE ('86)

Some may think capitalism is a rough way to sort things out. In light of the last three years' economic turmoil, you may even wonder whether capitalism is the most fair and effective economic system.

Paul Holland ('82) is one guy whose feelings for capitalism are undiminished. He is the executive producer of the new documentary *Something Ventured*, which premiered at the South by Southwest festival in March. The film's official subtitle, *Risk, Reward and the Original Venture Capitalists*, is an accurate yet bloodless description compared to *The New York Times*, which proclaimed the flick to be a "genuine love story about capitalism." Atari, Intel, Cisco Systems, Genentech and Apple are some of the companies founded on money provided by venture capitalists featured in the film. "These are very pointed stories about American companies that actually build things," Holland said in *The N.Y. Times*. "And while it's important to me that people who watch the film see how capitalism can be a creative force, bottom line is that these are great stories. Epics, really."

Something Ventured arrives at a pivotal time in the American economy. Holland, a venture capitalist himself and member of the JMU College of Business Executive Advisory Council, told the *Times*, "This film is one of the green shoots after a long winter." Emerging from a brutal season of decline and uncertainty, the American economy is growing again. Unemployment has persisted stubbornly, however, and some believe that a fundamental shift may have occurred right before our eyes.

Author Seth Godin said recently on the program *Marketplace*, "The guys in

Detroit who did everything the foremen told them to — they're just plain out of luck. This economic recession we're living through is about two things. ... the cyclical one, that's over. But the other one, the more permanent one, is about the fact that the Industrial Age is dying." Godin, who was promoting his new book, *Poke the Box*, went on to say, "This age that started with Henry Ford is dying on our watch. This is the industrial revolution of our time."

Either the industrial age is dying, as Godin describes, or industrial jobs are simply leaving the United States for emerging economies where labor is cheaper. Whichever condition is true, the evolution from a traditional to a knowledge-based economy plays out clearly in American employment figures. The Bureau of Labor Statistics reports that while overall unemployment still hovers just below 9 percent this spring, for those with a bachelor's degree or higher unemployment is 4.5 per-

cent. In fact, during the worst part of the recession, when overall unemployment exceeded 10 percent, the rate for those with college degrees never rose much past 5 percent.

In light of these labor figures and the obvious connection between education and employment, the recent trend of disinvestment in higher education among a majority of American states appears counterintuitive — especially during a recession when we ought to be searching for investments that help restore economic strength. According to the Center on Budget and Policy Priorities, 43 states cut funding to higher education in recent years. Meanwhile, emerging economies overseas are busily funding higher education in hopes of matching what is viewed around the planet as American superiority in education.

So the recent move by Virginia Gov. Bob McDonnell and the Virginia General Assembly to buck this national trend is especially promising. During the 2011 legislative session the assembly approved a budget restoring a portion of the JMU budget cut in recent years. Despite the rise in Madison's



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prominence, the percentage of the university budget funded by the commonwealth is still far less than it was even just 10 years ago. But policymakers in Richmond are seeing the connection between higher education and the new economy with fresh eyes. In a *Richmond Times-Dispatch* online chat, McDonnell said, "This year's legislation created a significant new link between higher education and job creation."

As seismic scale forces continue to shape our American society and economy, preparing for what lies ahead will force a set of priorities that may not always be clearly understood or agreed upon. That's why Virginia's political leadership — no matter which side of the aisle one may sit — deserves credit for its budget decisions relative to higher education and economic prosperity. And not just policymakers deserve credit; private giving to James Madison University continues to develop. The annual fund is making solid gains in spite of the downturn, and major donors are telling us that they believe in our mission. They view supporting Madison as an investment in our knowledge-based economy and social vitality.

In this context, Holland's film *Something Ventured* is far more than a paean to capitalism. Events depicted in the film during the late '50s, '60s and early '70s in Northern California arguably mark the start of our shift from an industrial to a knowledge-based economy. In a key scene



(Right): A promotional poster for *Something Ventured*, a documentary by Paul Holland ('82) about venture capitalists. (Above): Apple is one of the companies founded on money provided by venture capitalists featured in the documentary, according to Holland, below.



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Mike Markulla of Apple says, "You could walk down the street in 1976 and talk to a hundred people and say, 'Would you like a personal computer?' They'd say, 'What's that?'" Not only is the personal computer now essential to nearly every sector of society, according to the National Venture Capital Association, venture-backed corporate revenue also accounts for 21 percent of U.S. gross domestic product.

The speed of this transformation is blinding. Not since the late 19th century and early 20th century has business transformed society so fundamentally. Capitalism may be rough, and Godin may be right about the guys in Detroit being out of luck; but we're highly adaptable creatures. And we can learn. **ml**

* Learn more about the film at <http://somethingventuredthemovie.com>

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