

# Leading Global R&D Networks: Rewards, Risks and Realities

## INNOVATORS' ROUNDTABLE SERIES

FROM THE UNIVERSITY OF VIRGINIA'S DARDEN SCHOOL OF BUSINESS

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Corporate innovation does not take place only within the vacuum of a company's R&D unit. New products and services emerge from widely distributed R&D networks, which may exist within the firm or across firm boundaries by means of partnerships with external engineers, scientists and managers. Whether it's through offshoring—locating proprietary R&D activities in other countries—or through arm's-length relationships with an array of customers, suppliers, governments, universities and other research organizations, leading today's corporate R&D means being able to manage across a vast network of innovation activities.

Despite its many benefits, the growing internationalization and externalization of R&D poses significant challenges, including the protection of intellectual property, the dilution of firm-specific resources, the deterioration of integrative capabilities, and the ever-present problem of too many demands on managers' limited time and attention. This briefing will describe the current state of globally networked corporate R&D, explore the risks involved in having diffuse and disparate R&D centers, and introduce a few recommendations for addressing these critical challenges.