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# Access to networks vital to growing firms

**D**on't worry! This isn't yet another article about finding jobs. It's about helping the Rochester economy prosper through networks of invention, resources and markets.

Rochester has always had a resilient economy. In its early years the Flour City transported grain that fed the urban populations of New York and the East Coast. Later, Rochester prospered with Eastman Kodak Co., Xerox Corp. and Bausch & Lomb Inc., and the region developed as a center for quality printing, document processing and optics. Today, these companies have been joined by others such as Paychex Inc., Wegmans Food Markets Inc., Paetec Holding Corp., Sutherland Global Services Inc. and Constellation Brands Inc.

As the service economy matures, these businesses will continue to flourish by tapping into Rochester's extensive skills base. Rochester consistently ranks among the top 10 of 125 urban areas in the world knowledge competitiveness index. Why? Contributing factors include the creativity of the population (2.33 patents per 1,000 workers compared to a U.S. average of 0.4) and the education level of the work force, raised by 19 colleges in Greater Rochester and 58 within an hour's drive. Arguably this is one of the densest concentrations of educational institutions in the world.

But continued prosperity will depend on institutions in Rochester building access to networks that will encourage the growth of new businesses. Most local entrepreneurs recognize the need for tapping into finance networks. Thus, early-stage companies



## INNOVATION EDGE

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look for angel investors. As these companies grow they seek out venture capital and equity financing.

Building connections to these networks, here and beyond Western New York, is clearly important. Less recognized, however, is the need for three other networks: invention, resources and markets. Let's examine them:

■ **The invention network.** For years, Kodak found inventors at the leading edge of technology right here in Rochester. But over time the needed skills became more geographically dispersed. Kodak followed, building a global invention network that started in Japan. Similarly, years back Xerox extended its invention network from Webster to Silicon Valley. Today, its R&D facilities span the globe. Newer ventures tap into the networks established by educational institutions. Engineers trained by faculty at Rochester Institute of Technology provided the imaging technology at the heart of Pictometry International Corp. Those faculty are a part of a globe-spanning imaging technology fraternity.

■ **The resource network.** Constellation Brands knew its success depended on building a global network of recognized brands,

so they expanded beyond New York to build a worldwide network of producers. JML Optical Industries Inc. for years leveraged the technical production skills of the Rochester area. But over time, JML recognized the need for networking with Korea and India to supplement its production capabilities. In addition to skills, the resource network includes materials and components. For example, Peter Parts Electronics Inc. built a successful venture by cultivating an extensive network of suppliers in the Far East.

■ **The marketing network.** A key element of building a marketing network is understanding the customer. Wegmans develops a deep understanding of its customers by analyzing their buying habits. This works for small companies as well. Gorbels Inc. has successfully survived the downturns in its business by listening to its sales force for insights about its customers. As its competition reduced their sales forces and developed a Web presence, Gorbels understood the customer needed a high-touch approach to customizing. It maintained its sales force and today is one of the dominant players in its niche.

George Eastman's Kodak helped businesses grow during the early part of the 20th century. A hundred years later a new generation of institutions needs to do the same. The help Kodak provided was easy to identify: financing and a ready market. Today, growing companies need more sophisticated help: access to networks.

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