

Newsletter

Project for Improving Higher Education Institutions through University-Industry-Community Links (Hi-Link) in Gadjah Mada University

UGM Hi-Link Project

Edition December 2007



IC Net Limited

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Hi-Link Project at a Glance

Project Promoting Higher Education Institutions through University-Industry-Community Collaboration Links (Hi-Link) in Gadjah Mada University

Goals	: Roles of universities in meeting needs of industry and community are improved
Outputs	: 1. Improving researcher's capability to conduct research related to U-I-C collaboration in the field of engineering in UGM. 2. Strengthening cooperative interaction among U-I-C through research implementation teams in the field of engineering in UGM. 3. Strengthening organizational capacity of liaison window for U-I-C collaboration in UGM. 4. Enhancing the function of liaison window for U-I-C collaboration in UGM.
Period	: July 2006 – March 2009
Sponsors	: DGHE (Indonesia), JICA (Japan)
Project Director	: Prof. Retno Sunarminingsih, Senior Vice Rector of Academic, Research and Community Services
Project Manager	: Prof. Danang Parikesit, Director of Institute for Research and Community Services, UGM
JICA Expert Team	: Joint venture Kyushu University and IC Net Ltd
Team Leader	: Prof. Ryuichi ITOI Research Development
Deputy Team Leader	: Mr. Yasuo IZUMI, MBA. U-I-C Collaboration
Assistance	: HLPO offers its assistance from its four units below
General Planning	: Seminar / Exhibitions, HLP Publications, Liaison UGM.
Research Assistance	: Research Funding, International Conference, International Journal, Training in Japan
U-I Collaboration	: Research Proposal / Business Plan Drafting, Marketing Advice
U-C Collaboration	: Research Proposal / Policy Proposal Drafting, Marketing Advice

UGM RESEARCH WEEK AND HI-LINK PROJECT



Goal and Purposes of the activity

UGM Research Week 2007 (RW 2007) is one of the activities held by LPPM and supported by Hi-Link Project. This event as well is conducted in line with the 58th of UGM Dies Natalis. The main purpose of this event is to develop and promote interactions among the researchers in UGM, the government, industry and also the community about the research and public service activity in one special occasion. The activity framework are:

- 1) Research and public services activity promotion,
- 2) Integration in LPPM and UGM regular program,
- 3) Integration in Dies Natalis UGM activity,
- 4) Integration in Academical expo,
- 5) Integration in Hi-Link Project.

Targeted visitors

Many programs were designed for supporting the RW 2007 events which have specific purposes to show the potential capabilities owned by UGM. Due to those purposes, affiliations of expected visitors to Rw2007 are as follows: a) Academic, b) Regional Government, c) Industry, d) Local Community.



Based on these visitors category of their background, LPPM as the organizing committee of the RW2007/ Open Campus activities into several agendas started on October 29th until November 2nd, 2007 as follows:

a. Open Lecture

“The Development of Sustainable Education”, with main keynote speaker Prof. Dr. Hans J.A. van Ginkel former Rector of the United Nations University, Japan. There are 150 participants involved in this occasion.

b. Open Campus

held from October 29th to November 2nd 2007. The Exhibition on the newest UGM Research Results, Small and Medium Enterprises, eighteen faculties of UGM, study centers, companies, industries, bank.

c. Research Cluster Seminar

presents keynote speakers from four clusters in UGM and industry practitioner, University of Diponegoro Semarang’s researcher, and representative from government agency (Indonesian Forestry Department)

d. Industrial Research Result Seminar.

The seminar's goal is to meet future counterparts with fourteen researchers funded by Hi-Link Project to promote and seek possible collaboration. Keynote speaker consists of industry (hospital equipment), community (Government of Yogyakarta Special Province), and 14 researchers of Hi-Link Project.

e. Workshop on the Business Plan

The workshop focuses on the development of business plan for small and medium industries (SMIs), product consumer and competitor identification, banking services for the development of SMIs and consultancy on the Business Plan drafting.

f. Seminar and Workshop on the Corporate Social Responsibility (CSR).

This activity focuses on the presentation and discussion related to CSR from the academic perspective, CSR and its correlation with community empowerment, and knowledge sharing with some industries such as mining companies, stated-owned companies. Through such activity, there will be a synergy of university-industry-government collaboration in line with community development. For the closure, a declaration of the implementation University-Industry-Government is announced.



g. National Workshop on the Earthquake 2007

The workshop mainly discusses on the earthquake mitigation and its effects on the psychological trauma and its recovery for the earthquake victims, presentation on the research of Earthquake Micro-zonation, presentation on public Education to lower the risk of Earthquake disaster, health Risk and Damage Loss Assessment, Technology of Earthquake Resistance building construction, etc. And the following activity is focus group discussion among participants.

h. Partnership Meeting and Collaboration Consultancy

This is to meet the researcher with community as well as with industry. In this occasion, a discussion among local government agencies or industry and researcher is built to look for possible collaboration with related research result produced by researchers in UGM.

Hi-Link Project's Participation in Research Week 2007

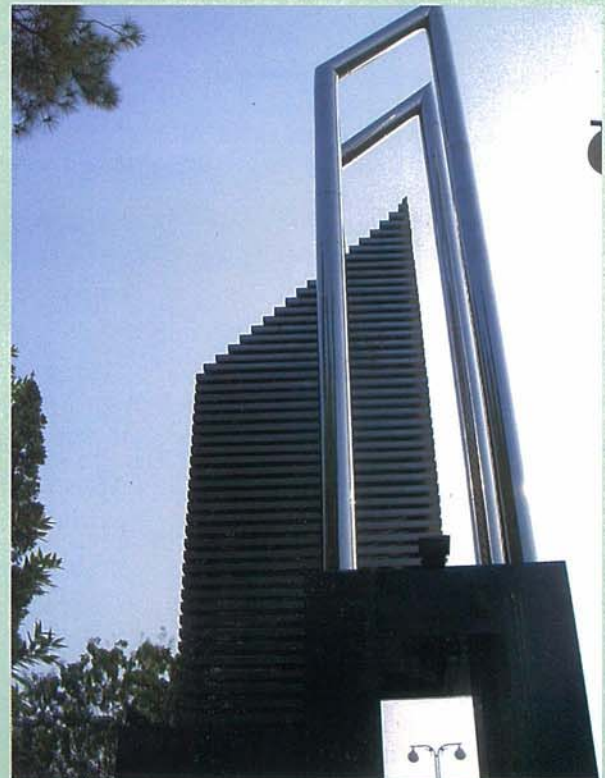
During RW2007, HLPO played a part as one of the sponsors to fund the exhibition. And HLPO is also one of the participants of the UGM research result exhibition



which was held from October 29th - November 2nd 2007. HLPO had two booths ; Hi-Link booth and Hi-Link Research Result booth. The Hi-Link booth presented the general information related to Hi-Link Project. Furthermore every visitor were requested to fill in the questionnaire with questions of UGM Hi-Link Project. The second one, people could see the research results as well as the information of some research achievements supported by Hi-Link Project.

Hi-Link Project's Unique Bamboo Theme

In general Hi-Link Project RW2007 task team brought up the theme of 'unique bamboo'. The team is inspired to design a unique booth as a way to represent the collaboration performed by the university as an institution which works for 'science provider' to communities as well as to industries. The concept can be deeply seen that this is how a research concept is supposed to be performed by the researchers.



Using bamboo as the alternative material to build a house or other construction is a way to promote environmentally friendly material and products. Therefore researchers should discover, innovate something from nature and the result could be useful for nature itself.

Hi-Link Project's Performances

The task team of RW2007 prepares several performances out of exhibition booths, they are :

a. Mini Talk Show

The purpose is to be mediator with visitors to interact directly with the HLPO's officer related to the role and function of Hi-Link Project itself as well as with the researchers whose researches are supported by Hi-Link Project. The presenters were Deputy Team Leader of Hi-Link Project, Planning Officer for U-I-C Collaboration Team Leader, and Hi-Link Project's researchers.

b. Traditional Products Demo

Hi-Link Project prepares as well some performances in order to share knowledge with visitors related to the making of Indonesian traditional products as well as the Japanese ones. Moreover Hi-Link Project is willing to promote SME's community and as one of the way to attract visitors to HLPO's booth. The concept is 'Experience Learning' where visitors are able to try to make the products and they can bring their handicrafts home. Batik painting, Leather puppet painting, and origami art of folding papers are offered by the Hi-Link Project to attract visitors during RW2007. Other performance at Hi-Link Project Booth is 'Yukata Lady'. This kind of performance is held everyday during the event.

The Yukata Lady greets every visitor at the entrance door and offers them a questionnaire to be filled in. It is done as the task team wishes to be different from other booths in RW2007.

c. Questionnaire

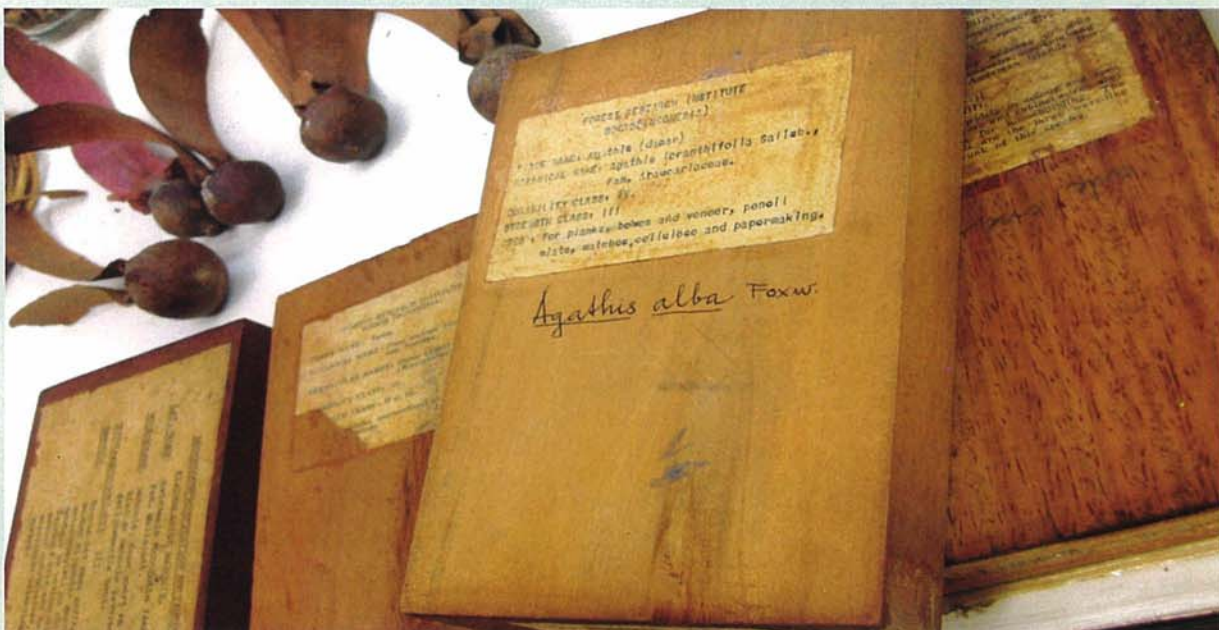
the team distributes questionnaires during the event in order to find out on how the visitor's opinion, comments, responses of the Hi-Link Project as well as to gain their suggestions which could be useful for Hi-Link Project in the future. The team succeeds to collect 500 copies of questionnaires.

Summary of RW2007

In general, RW2007 is successful. It is proved by the increasing number of exhibition's participants. On the other side the number of visitors during five days event decreased. Due to the report organizing committee, the RW2007 is attended by 8146 visitors, which means less visitors 1702 compared to last year (9848 visitors in 2006). It was below the LPPM's target of 3000 visitors/day. It is occurred because of some factors :

- shortage of preparation time,
- miss coordination in LPPM,
- less number of publication as well as the period is overdue,
- event packaging is less attractive and too scientific.

Wieda Herdiana and Hesty Wulandari
General Planning
UGM Hi-Link Project



BEST PRACTICES OF U-I-C COLLABORATION IN THE WORLD (U-I-C Note. 2)



This short note is to introduce several cases that can be considered as the best cases and practices of University – Industry – Community Collaborations in the world. Each case has already established outcomes and their continuing efforts. Some cases may be very helpful for the UGM Hi-Link Project in its eventual application. The cases, however, depend on each of their particular background and environment, and thus the cases are introduced by geographical areas but not by fields of operations.

1. USA – University of Maryland Technology Incubator

The University of Maryland, located very close to Washington, DC, has been known for its innovative ways to promote new ventures and enterprises. The university offers approximately 3,000m² of incubation space in its the Maryland Technology Enterprise Institute/MTECH, a part of its School of Engineering. The role of MTECH is to accelerate new venture creation, offer partnerships with sponsoring enterprises and institutes, and bring university innovation to companies through technology entrepreneurship.

Technology Advanced Program (TAP)

an incubator for start-ups The university not only offers educational programs and promoting partnerships with regional and national partners but also it offers to young researchers and entrepreneurs a technology based incubator. TAP ways are, 1) promoting “in-house” development among faculty members/researchers, 2) offering basic and advanced experiments facilities and consultation opportunities within University, 3) developing business seeds to commercialization including assistance on business planning, partnering with regional enterprises to help them build early-stage companies.

University of Maryland/UM TAP Exit Policy

TAP encourages the quick development and exits of new venture firms by providing extensive hands-on business support from experienced and entrepreneurial staff, access to funding sources, technical expertise and turn-key infrastructure. Now MTECH is expanding its activities by creating the nearby Research & Technology Park. Upon completion, the two entities will house around 500 professionals and are expected for UM to be a powerful player in the Washington Corridor technology markets.

<http://www.erc.umd.edu/>

2. USA – California Management of Technology (MOT)

The second case from USA is a course offered to non-business major students and adults on business development and management. The Management of Technology courses originally started in Silicon Valley, California in late 1990s. As a result of the New Economy policy under the Clinton administration, a number of information and communication technology/ICT companies were established and quickly developed during the decade. ICT company CEOs, however, observed lack of business knowledge and skills among engineering faculty graduates.

They may be very good at technological issues but when it comes to new product developments or strategic planning of new operations, they are simply incapable in elaborating those tasks.

Responding to those concerns raised from ICT firm CEOs, Californian university presidents, they quickly agreed to offer Management of Technology (MOT) courses to those engineering / technology major students.



Management Of Technology/MOT Courses

MOT courses deal with business development and management issues such as business planning, strategy, marketing, value chain management, human resources management, financial and legal matters, etc. Nearly 10 years after the introduction, the continuing success of ICT industries in USA is a good proof of growing human capital in its economy. Japan quickly followed this exercise since early 2000 and now about 70 courses are offered throughout Japan.

<http://mot.berkeley.edu/>

3. Europe - French Style G-I-U Collaboration

France has a tri-party agreement among Government–Industry–University to promote U-I links called CIFRE (*Convention industrielle de formation par la recherche*). French universities, similar to most of conventional European universities, tend to be stand alone or oriented more on academic and theoretical activities. The gap between key industries and universities were rather remote and it was difficult for industries to recruit advanced level graduates from universities.

Thus the government stepped in to promote linkages between them.

French CIFRE Internship

Doctor-level students make research and development on pre-agreed specific subjects between a company and a university for three years and apply government for their internship support. Once granted, the students continue their research activities and at the end of the three-year term of the internship, students are possible to continue their activities being hired by the company if the research is successful. More than 1,200 students receive this internship program assistance in 2007.

4. Japan – Conventional Pharmacy

Toyama University, located in Toyama as one of the key cities in North Western region facing to Japan Sea is known for the organic herbal development, production and sales. Toyama Drugs are known since 17th century as the herbal technological development as well as its unique way of sales methodology that helped keep its clientele around the nation even under the modern science brought now. Each household usually keeps the drug box and expect regular visits, usually twice a year. The sales staff dispatched around the country is visiting their customers by bringing tablets, powders, ointments and check their customers drug box and refill those what were used. The recent re-development of “new” conventional drugs catch more attention and thus the collaboration between local industries and the university was developed further recently.

Toyama University Pharmaceutical Science Faculty

Toyama University, collaborating with traditional local herb-based drug companies, they jointly develop “environment” and “human body” friendly drugs responding to the growing needs from the people. The university also has a botanical garden to open to public to promote understanding of the conventional drugs and also organize an open campus and other public events which are regularly held.

Applying Best Cases to UGM

UGM Hi-Link Project Office/HLPO has been making efforts in collecting best and bad practices of U-I-C Collaboration. Those four cases above are only some of those picked-up from its library that is under construction. The possible applications of those best cases, however, should be reviewed carefully with their environment and local capacities enabling those achievements. HLPO staff is ready to receive any consultations and inquiries to assist to find the best cases and also how those cases can be applied to each case in UGM.

Yasuo IZUMI
Deputy Team Leader
UGM Hi-Link Project

BUSINESS PLAN DRAFTING GUIDELINE (Part 1/5: I. Introduction, II. Business and Financial Partners)



A business plan is a document prepared, primarily, among business entrepreneurs or researchers for their own review of the planned businesses and projects, and, secondly, presented to investors or financial intermediaries by them in seeking their financial resources. Without having a detailed business plan, any new businesses can not expect a good prospect for their success and the possible counterparts may not fully understand what the entrepreneurs wish to develop. This “Business Plan Drafting Guideline” is a series of five consecutive articles to provide a basic guidance for a business plan drafting and this is the first one.

A Business Plan – for Internal Decision Making

First of all, a business plan is for internal purposes. It is prepared by a group in a company or entrepreneurs promoting a new business activity to share, discuss and determine the plan before its implementation among themselves. It is used with purposes

- (1) to make sure the plan meets with vision of the group or the company,
- (2) to review whether the plan will achieve certain economic and social objectives and goals,
- (3) to access its feasibility to meet their financial targets,
- (4) to make sure that the plan complies with corporate ethics and social responsibility,
- (5) to invite and mobilize internal financial, human and technological resources.

The first stage internal discussion is critically important to have full understanding, consensus and agreement among the people related. In case of a large organization, it is also essential to have a full endorsement from the management body.



Business and Financial Partners

A Business Plan - for Future Partners

New businesses always involves external stakeholders to be involved. Future business partners such as suppliers, distributors or sales agents for production and sales activities of the plan but also future investors and financiers to seek new financial resources. It should be noted that it is common for business activities to seek financial resources in addition to the promoting group's own resources but also external funding sources. In general practice, companies raise about 30-40% of total funding needs from their own capital and the remaining 60-70% are collected from outside.

Business Partners

Future providers of production equipment, tools and materials, as well as suppliers of energy and raw materials for production are primary partners for production. Distributors, sales agents, wholesalers, retail shops and website builders are also essential stakeholders of sales. Local and central governments are also important stakeholders for a new business. Possible supporting measures for new entrepreneurs may be provided, or some regulations could be applied to new plan to support or, in the negative cases, to prevent new businesses from being launched.



Financial Partners - Investors

Different type of financial partners exists. Investors and financiers are the key notions to be distinguished. Investors will provide funds usually in the form of payment in exchange of shares / stocks. Investors can further be classified as Institutional Investors, companies and investment angels. Investment banks or securities brokers are categorized as financial intermediary institutions and liaise between the business entity and those investors. The main focus of their appraisal assessments are the future value or profit flow of the invested businesses, i.e. the capital gains.



Institutional investors are quite often large pension funds, asset management funds or insurance companies providing a large sum of funds. They primarily look for tradable and marketable securities but some portions are available for new business investments.

Companies at large also look for investment opportunities. Companies such as pharmaceutical, chemical, machinery, engineering and ICT companies are always looking for innovative technologies and sometimes ready to make investments.

Investment Angels are quite often former company executives or retired business persons who wish to help and encourage new ventures and are ready to invest their resources.

Shares / Dividends

Share certificates represent certain number of shares that the investors possess and do not have any due dates or expiring dates. The value of shares varies in line with performances and its expectations but, in general, can be estimated on the net asset basis. In theory, any shares can be traded, but practically for new venture shares, it is quite difficult to find new investors. In the case of high performing ventures, it is relatively easy to find out new investors and the original investors or owners of venture may expect a high capital gain as exits. Investors expect to receive annual dividends out of the profit of the company. Different from the interest below, the rate or amount is not pre-fixed. Furthermore, if the business does not run well, no dividend will be paid out.



Business Plan Drafting Guideline

Part 1	I. Introduction, II. Business and Financial Partners
Part 2	III. Business Plan Overview, IV. Value Chain Management
Part 3	V. Market Analysis and Competitiveness, VI. Business Profile and Strategy
Part 4	VII. Products, VIII. Production, IX. Marketing and Sales
Part 5	X. HR, Legal and Social Management, XI. Financial Projection, XII. Exit Strategy and Conclusion

Financial Partners – Financiers

Banks, leasing companies, finance companies falling under this category will provide time-bound funding to businesses. Their appraisal activities are focused on the ability of repayment of loans. Banks will provide short- and long-term loans depending upon funding requirements. Leasing companies will not lend money but equipment for production. Financial lease, the popular form of lease financing, is offered for businesses to purchase equipment on behalf of them and install and make them use of the equipment while the company will pay lease rental. This lease finance has been developed in certain countries to lessen asset burdens for companies from their balance sheet with matched taxation measures.



Loans/Interest

In each category, the financiers will provide loans (or leased equipment in the case of leasing companies) to businesses. Banks provide both short and long-term loans to businesses. Working capital funding is usually given in short-term basis within one year maturity, and equipment investment funding are provided in long-term with 3–10 year maturity, though it depends on the economic situation of the country in question.

The loans are disbursed in one lump sum or in several occasions in line with the funding needs. A grace period is usually given for borrowing companies not to pay back their principal amount until the equipment is completed. Interest is paid regularly as soon as the loan is disbursed.

In every lending case, the security arrangement or collateral arrangement is required. Traditionally banks seek assets such as land, building or equipment is considered but in some countries cash-flow based arrangements are getting popularity in some countries. Leasing companies will provide only long-term lease in accordance with the economic value of leased equipment. Finance companies are similar to banks in lending behaviors.

Understanding of Partners

New businesses need external partners. For both business and financial partners have their own way of assessing business plan proposals. It is vital to understand for whom a business plan is made and presented.

Yasuo IZUMI
Deputy Team Leader
UGM Hi-Link Project

STAFF OF THE ISSUE



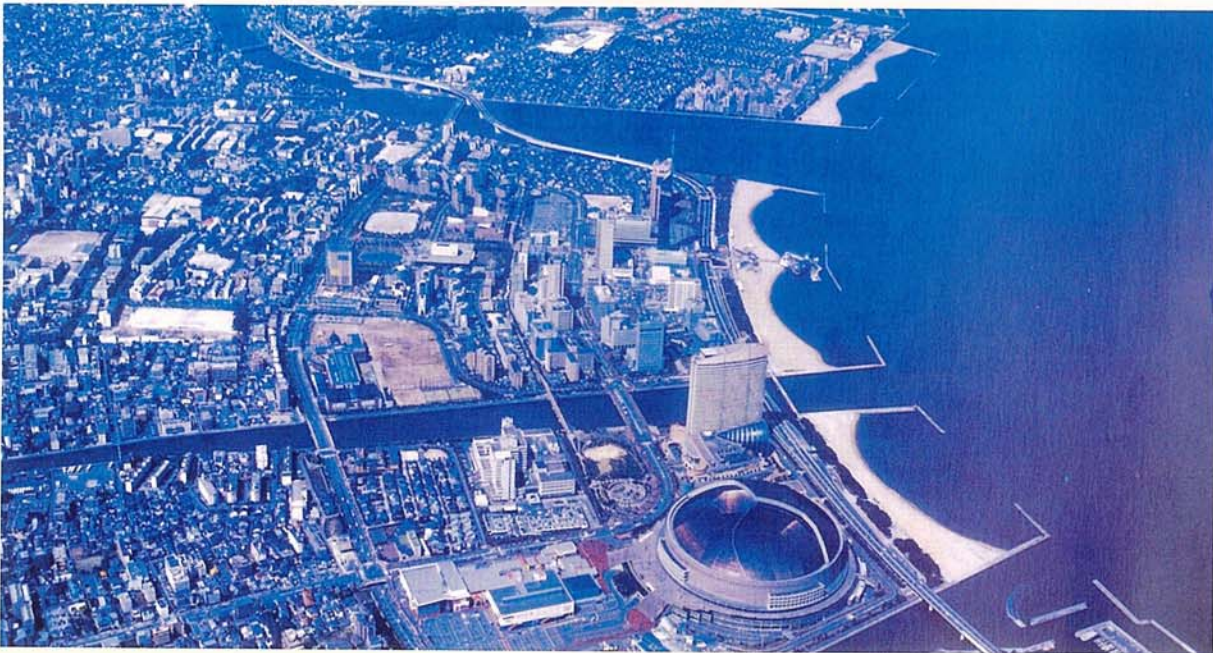
Umardhana Arifuddin
Planning Officer
University-Industry Collaboration Team

First time I joined the UGM Hi-Link Project Office (HLPO) on first week of September 2007. I was selected to be part or U-I as recommended by Dr. Sahid Nugroho, Director of Management Research Center Faculty of Economics, UGM. Dr. Sahid was my lecturer of Marketing Strategy on Magister Management of UGM. I am very interested in developing product marketing strategy therefore this project is concerned for my future career.

Now I have been working with this project about three months. The first time working in U-I, I was working only with one person, Adi Putra Gunawan. He graduated from Diploma of Economics UGM majoring in marketing management. Both of us worked together to form university-industry collaboration team. The formation of the U-I collaboration team is based on the business plan format. It consists of marketing, finance, and operational analysis.

In Hi-Link Project, I am posted as Planning Officer. As well I take lead the team. In fact I found new experiences by meeting new people, learning about Japanese business attitude, sharing knowledge among researchers and HLPO team, and gaining knowledge related to marketing strategy combined with other function of Hi-Link Project and UGM. At the beginning I was really surprised when the management gave responsibility to lead the U-I Collaboration team. As I did not have any experience in leading people in project. This challenge encourage me to learn more about U-I Collaboration from the expert. The more I learn the more I feel that the work is challenging. Everyday I get new experience and knowledge related to standard operational procedure from morning meeting. This could train us to be more dicipline.

Until now I enjoy working in this project, so many experiences, and challenges. Getting new friends and colleagues. I wish that what we work so far will be continued by UGM management in collaboration with Industry and community.



October 2007

Research Assistance : Midterm Progress Report

Monitoring team consisting of Project Team Leader, JICA expert team member, and Division Heads of LPPM UGM visits laboratory of researchers to assess the progress achieved after five months of research implementation.

November 2007

UIC Collaboration Activities : U-I and U-C team

U-C team promotes research result of Hi-Link Project Research Assistance to Bappeda Bantul District. U-C team as well assists to prepare BioGas Training to farmers in collaboration with Hi-Link's researcher and Bappeda Klaten District. Assistance to business plan drafting of Laminated Bamboo is carried out by U-I team. Collecting data from respective researcher as well as interview are undertaken in order to gain more information for business plan drafting.

December 2007

University Visits

Hi-Link Project in collaboration with LPPM UGM visit four universities in Sumatera. They are: University of North Sumatera, University of Andalas Padang, University of Sriwijaya Palembang, and University of Riau. The goal of the activity is to find out on each research institution conduct their U-I-C collaboration activities. As well to seek possible collaboration among those universities with UGM Hi-Link Project.

COVER PHOTO STORY

Beautiful Borobudur

The name of Borobudur, as some people say, means a mountain having terraces (budhara), while other says that Borobudur means monastery on the high place. Borobudur was built by King Samaratungga, one of the kings of Old Mataram Kingdom. Borobudur temple was built in between 700 AD and 842 AD. Sir Thomas Stamford Raffles revealed it in 1814. The massive restoration project began from 1905 to 1910 led by Dr. Th. Van Erp. In 1983 with the assistance from UNESCO, the restoration project was carried out.

EDITOR'S WORD

Hi-Link Project with its regular activity is publishing Newsletter which comes into December edition. This edition covers the overview of UGM Research Week 2007 and Hi-Link Project's participation during the event. Beside the previous issues, we also provide the second series of best practices of U-I-C collaboration activities in the world, and Business Plan Drafting Guideline (first part). Those two articles published in the newsletter as Hi-Link Project encourages not only UGM researchers but also related internal parties within UGM to improve their researches as well as capacity to be more competitive with other universities in Indonesia.

We hope that with this newsletter, we could give contribution to researchers at UGM. Furthermore, they could think gradually not only their research but also how can they perform well their research result and be able to market them to industries or to communities.

Yogyakarta, December 2007

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Dicetak oleh:

 **ADITYA MEDIA**
Printing & Publishing

Yogyakarta Jl. Bimasakti No. 19 Yogyakarta 55221 Telp./Faks. (0274) 520612-520613
Malang Jl. Tlogosuryo No. 49 Tlogomas Malang Telp./Faks. (0341) 568752
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