CVI² CORPORATE VENTURE & INNOVATION INITIATIVE

J.THELANDER CONSULTING

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Contacts:
Dan Cahill, Green Target: dcahill@greentarget.com; +1.415.552.3999
For Data Inquiries - Jody Thelander: jt@jthelander.com; +1.415.383.706

Corporate Venture & Innovation Initiative (CVI²), J. Thelander Consulting release first of kind corporate venture capital compensation report

(San Francisco) September 11, 2013 – The Corporate Venture & Innovation Initiative (CVI²) announced today the release of the *CVI²-Thelander 2013 CVC Compensation Report*. The report is the first comprehensive examination of the compensation structures for corporate venture capital (CVC) programs at Global 2000 companies.

"Given intense global competition, innovation is now critical to the success of companies across a broad spectrum of industries. Corporate venture capital programs have become an important element in the innovation strategies of Global 2000 companies, providing access to new and disruptive technologies," said Mark Radcliffe, partner at DLA Piper, the global law firm and a founding member of the CVI² alliance. "However, many CVC programs are relatively young and critical issues such as CVC compensation practices are rapidly evolving which require the attention of corporate parents."

Over the past few years, there has been a tremendous acceleration in the number of companies launching corporate venture capital funds and programs. Today, more than 900 global companies have established corporate venture funds and/or are actively making venture investments, according to research by *Global Corporate Venturing,* a growth trend which is continuing. And as the traditional venture capital industry continues to consolidate, CVCs are playing an increasingly important venture commercialization role - filling financing gaps, providing operational and market development support and enabling exits through M&A.

"Corporate venture capital is at a critical juncture in its evolution, and CVC job descriptions and formalized compensation structures appropriate to those jobs are central in determining its continued growth and success of its specialized teams," said Heidi Mason, managing partner of Bell Mason Group, a founding member of CVI². "It is also time to clarify that CVC and VC are not the same, in form, function or risk/reward model. What is clear is that corporate venture compensation structures must be better defined, tuned and revised within the corporate environment, if companies are to compete for and retain top-level teams."

The *CVI²-Thelander 2013 CVC Compensation Report* found that 57 percent of corporate venture executives believe that the compensation structure at their company does not adequately compensate them nor accurately reflect the realities of their positions. The survey also found that corporate venture executives also have generally short tenures in their position -- nearly 42 percent have been in their position less than two years.

The report ties those short tenures to (a) the relative infancy of corporate venture, (b) competition and compensation structures, and (c) turn-over in the chief executive and chief financial officer roles to which the position commonly reports. Nearly half of corporate venture executives said they had experienced a CEO and/or CFO change in their parent company in the previous three years.

Further, the survey found that corporate venture capital unit leaders earn, on average, $304,250 a year with a further $164,865 in bonuses. Unlike financial venture capitalists, the bonus structure for corporate venture almost always (97 percent) included cash compensation rather than “carry” in the success of the portfolio companies. In addition, about compensation for about half of corporate venture capitalists received awards of options or shares in the parent company.

The *CVI²-Thelander 2013 CVC Compensation Report* examines the different types of organizational and reporting structures of venture funding at global corporations, as well as the salary and compensation packages of industry executives. Previously, most of the information on corporate venture compensation and structure has been anecdotal or opinion based. With the launch of the *CVI²-Thelander 2013 CVC Compensation Report*, the market realities are much clearer, and the decisions for executive management and corporate boards can be more informed.

“Corporate leaders and HR professionals need to recognize that corporate venture capital is a new and different category – and develop strategies and policies that treat it as such,” said Jody Thelander, founder of J. Thelander Consulting. “Properly structured and compensated, corporate venture capital programs will continue to thrive at global companies and provide a dynamic sources of innovation and growth.”

The research for the annual *CVI²-Thelander 2013 CVC Compensation Report* was conducted in June 2013 by CVI² and J.Thelander Consulting.

- CVI² is an organization of specialized corporate venturing and innovation service providers and includes charter members Bell Mason Group, DLA Piper, Silicon Valley Bank, *Global Corporate Venturing,* Deloitte and innovation strategy firm Doblin, an arm of Deloitte Consulting. www.CVI2.net
- J.Thelander Consulting is the leading compensation consulting and data collection firm which specializes in for privately held companies, investment firms and corporate venture units. www.jthelander.com

For a copy of the report, visit http://jthelander.com/thelander-surveys/

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