

LEARNING FROM VENTURE CAPITAL: Procurement Programs as a Way To Promote Innovation

by

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ABSTRACT

This thesis explores how government efforts to spur the commercialization of "green" technologies might be improved by understanding the practice of venture capital. Both state and federal governments currently support the commercialization of such technology through funding programs called demonstration projects, which allow manufacturers to develop and test new products that might otherwise be prohibitively expensive to build. The limited flexibility of these programs, however, limits their overall effectiveness because they are unable to continually address the wealth of unexpected problems that emerge throughout the process of technological development. Although organizational management literature suggests that organizations that can 1) gather and 2) react to new information are best at nurturing technological innovation, the notion of more flexible bureaucracy challenges our notions of democratic accountability. Because venture capital provides an example of a process of flexible resource management designed to nurture innovation, better understanding its practice might help to address the accountability problems posed by a more flexible public sector.

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