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Governing Research: How Boards Can Steer the Future of Innovation

By Andrew Bean, Ph.D., Daniel Flynn, Ph.D., Laura Orr, and Kimberly Smith, *WittKieffer*

In a time of rapid technological advancement and global competition, universities with and without affiliated health systems sit at the confluence of education, research, and innovation. They are no longer just institutions of higher learning; they are engines of economic growth, scientific discovery, and social progress. At the core of these multifaceted missions lies university research—a vast, complex, and high-stakes enterprise that requires strategic, adaptive governance.

As governing boards across the country grapple with fiduciary and strategic responsibilities, understanding the research mission has never been more critical. This is especially true for boards overseeing academic health systems and affiliated hospitals. Yet, many board members for these institutions come from fields outside of scientific research or clinical care, making the academic research landscape seem foreign or opaque. This article provides a roadmap for academic health system board members to engage more deeply and effectively in overseeing their institution's research enterprise—ensuring high-impact governance, enhanced opportunity, and strategic alignment.

The Board's Role: Stewarding the Research Enterprise

Each board has clear obligations related to research.

Fiduciary responsibility. Board members have a fiduciary responsibility not only for the financial health of the institutions they serve, but also for the stewardship of the institutional mission and strategic assets—including research. The fiduciary duty includes broad oversight of research funding, compliance, risk management, and alignment with the long-term academic mission.

Academic research is typically supported through a complex mix of federal and state grants, private philanthropy, tuition cross-subsidies, and industry partnerships. These funding streams come with strict regulations, performance expectations, and infrastructure demands. Boards should understand how these elements intersect and ensure that institutional investments in research—whether in facilities, talent, or partnerships—are sustainable, mission-aligned, and achieve meaningful impact. A new MRI facility, for example, is not just a tool—it's a multi-million-dollar capital commitment with significant ongoing costs in utilities, staffing, maintenance, and compliance. Board members must evaluate such investments with awareness of their full lifecycle costs along with short- and long-term strategic implications.

Strategic oversight. Boards are charged with oversight of the entirety of institutional operations, including research. This oversight function ensures that the research strategy is integrated with its academic mission, fiscal priorities, and long-term planning efforts. These responsibilities often include:

- Approval of research-related capital investments
- Review and evaluation of compliance and risk management practices
- Oversight of strategic partnerships and commercialization policies
- Monitoring of performance metrics related to research output, talent retention, and funding diversification

Making informed decisions from diverse backgrounds. Board members come from a wide range of professional backgrounds—law, business, medicine, engineering, and public service. This diversity of perspective is a strength—if directors have the context they need. While most board members are not physicians or scientists, their decisions have implications for patient care, emergency preparedness, regulatory or compliance issues, accreditation, infrastructure, technology transfer, and federally funded research programs. Board members must be provided with relevant, accessible education on research operations, risks, and opportunities. Directors, in turn, must apply their backgrounds to ask informed questions and bring valuable external perspectives—whether it's a business view on commercialization or legal insight on IP agreements. The governing board's role is not to manage research, but to ensure it is well-managed, strategically aligned, and positioned to deliver academic, societal, and economic value.

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University Research: A Big-Picture Overview

In academic health systems, research plays a pivotal role in shaping institutional reputation, driving enrollment of patients and students, recruiting top faculty, attracting philanthropic support, and anchoring innovation ecosystems. But this value can only be realized through smart prioritization, robust infrastructure, and well-aligned governance.

Opportunities in Academic Research

Strategic focus and prioritization. No institution can be all things to all people. A successful research enterprise leverages its regional assets and builds on strength. Effective research governance requires strategic focus—prioritizing areas of institutional strength, societal need, and market relevance. Some institutions focus on applied research with clearer ROI (e.g., patents, licensing, and the development of innovative therapies). Others lean into foundational science, often yielding breakthrough discoveries over longer timelines. Both are vital, but boards must ensure that the research portfolio is balanced, focused, and appropriately resourced.

To this end, board members might ask:

- What are our signature research areas?
- Do we have regional assets that set us apart from our competitors?
- Do we have a strategy for scaling excellence?
- Are we investing in programs with high impact and long-term sustainability?
- Does this research focus on areas that align with our clinical mission and our communities' needs?

Commercialization and IP strategy. Many academic health systems fail to capture the full value of their innovations due to underdeveloped commercialization operations. Incentivizing commercial development of innovative IP through credit toward faculty tenure/promotion, investing in technology transfer staff, and establishing clear IP policies are key steps. Institutions like the **Broad Institute** show how a culture of commercialization can coexist with academic excellence. To this end, boards might examine:

- Does institutional culture encourage entrepreneurship and commercialization?
- Is the institution generating licensing income from its intellectual property?
- Are there barriers—such as lack of staffing, weak inventor incentives, or unclear policies—preventing success?

Industry partnerships and corporate collaborations. Partnerships with the private sector can bring significant benefits: new funding, applied research opportunities, and

faster routes to market. However, they also introduce governance challenges—particularly around issues of academic freedom, conflict of interest, and publication rights. **UC San Francisco provides a compelling case study**. It has leveraged industry partnerships effectively while instituting strong conflict management protocols. Boards should ensure that policies are in place to protect institutional autonomy while enabling mutually beneficial collaborations.

Interdisciplinary research and sponsored programs. Complex societal challenges that require innovative solutions (e.g., pandemics, AI) demand interdisciplinary solutions. Institutions that support cross-disciplinary collaboration are more competitive for major grants and more attractive to funders. Industry-sponsored research, including clinical trials that test new treatment strategies for patient populations, also represents a growth opportunity. Boards should evaluate whether the institution is equipped to handle the regulatory, contractual, and ethical complexities that accompany sponsored programs.

Philanthropy aligned with research strategy. Philanthropy often focuses on the academic mission, infrastructure, and research "startup" packages to help recruit new faculty and enable incubation of innovative ideas, but it can be a more powerful tool when aligned with research strategy. Boards should encourage integration between advancement/philanthropy and research planning. Forward-thinking institutions use philanthropy to:

- Seed new research centers
- Support early- and mid-career faculty
- Fund equipment or core facilities
- Provide bridge funding to keep research moving forward during funding hiatuses

Alternative revenue models: equity, licensing, and startups. Boards should be aware of evolving models and support the development of governance frameworks that manage associated risks while maximizing revenue potential. In addition to traditional funding streams, institutions might explore:

- Funds flow around royalty streams from IP licensing
- Venture funds or incubators
- Equity stakes in faculty-founded startups

Talent development and retention. World-class research depends on world-class talent. Boards should monitor faculty and staff retention, and advocate for hiring and HR strategies that build long-term capacity in research excellence. To enable a world-class research environment, boards should consider:

- Competitive compensation
- Modern, well-equipped labs
- Professional development pathways

- Supportive policies for commercialization and interdisciplinary work

Additional Areas of Opportunity

Boards can further support the research enterprise by focusing on additional areas that present opportunities for cost efficiencies and enhanced revenues.

Optimization of facilities. An institution's core facilities are seldom fully utilized and tend to have excess capacity. They also tend to lose money but are made whole through the support of F&A (facilities and administrative) costs recovered by grant awards.

One obvious means to optimize facility usage is through the private sector: startups and other companies, often housed in adjacent research parks, normally cannot afford to acquire the technology housed in core facilities. However, they can afford to pay a user fee (which would be 100 percent of market rate, as dictated by federal accounting rules), and by extension, provide additional revenue to the institution while saving the company money. An institution's excess facilities capacity provides them with an opportunity to not only generate additional revenue by opening use for private-sector companies but also foster corporate collaborations. This in turn can lead to collaborative grants, corporate research funding, opportunities for employees, as well as the development of intellectual property that can be co-owned.

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Boards may require core facilities that function as cost centers to document their contributions to the academic research mission, as well as their associated costs and revenues. Such information can be used to develop strategies that enhance utilization, impact, and financial sustainability. In certain instances, a high-performing core facility may be a candidate for spinning out as a startup entity that continues to support the institution's mission. Conversely, underutilized facilities may be opened to external partners, reorganized, or discontinued.

Applied research. The lack of direct, real-world applicability of some research conducted in academia is, to some, an ethical question and can be a challenge to defend. It can be argued that there should be a greater emphasis on applied research (clinical and non-clinical); from a purely financial standpoint, applied research leads to greater justification for public and private support of healthcare-related research as well as increased buy-in from stakeholders who fund the research.

We and others have advocated for mutually beneficial partnerships that enable applied research within the academic research ecosystem. Agreements with industrial partners that provide win-win situations benefit academic medicine and provide a

mechanism for exploiting collective strengths that may also provide an alternative revenue source to support research activities.

Greater IP/research collaborations with the private sector. Related to the above, institutions have tremendous opportunities to expand partnerships with private-sector partners. The private sector often has resources for research and development yet may lack the diversity of research expertise and research capabilities of academic institutions. The traditional model for such partnerships has always emphasized an eventual passing of the baton—through technology transfer—of intellectual property from the academic researcher/institution to the commercializing entity. Institutions must learn to structure contractual agreements with the private sector to retain a greater portion of the eventual profits to provide consistent, long-term revenue streams. In this area, boards can ask whether patent development is/can be part of a faculty members research workload or promotion/tenure consideration, and what research partnerships exist and whether they may have broader value (e.g., leading to grant applications, bi-directional educational opportunities, or developmental approaches that may yield commercially viable innovations).

Challenges in an Academic Research Environment

Regulatory compliance and risk. Academic research operates in a very highly regulated environment. Requirements span federal, state, and international laws. Boards should ensure there is sufficient administrative capacity for enterprise risk management and a culture of compliance. This includes regular training, strong internal controls, and adequate resources for research administration. Some of the risks include:

- Inadequate human subjects protections
- Non-compliance with medical regulations and accreditation
- Clinical risk and medical liability
- Disclosure or use of protected health information

Funding volatility and policy shifts. Federal funding, the financial driver of most academic research, is highly competitive and susceptible to political shifts. Recent trends show increasing emphasis on applied research, industry collaboration, and data transparency. Board members must stay informed about evolving funding landscapes and advocate for diversified research portfolios that reduce overreliance on any one source.

Mission drift and leadership misalignment. Without clear board oversight, research programs can drift away from institutional mission—chasing funding that does not align with academic priorities or community values. Boards should ensure that the research leadership team and facilities managers are aligned around a shared research strategy.

Facilities and deferred maintenance. Too often, capital campaigns raise funds for new buildings without adequate planning for operating costs, utility expenses, equipment upgrades, or maintenance. Boards must ask:

- What is the total cost of ownership for new research space?
- How are we funding maintenance, modernization, and safety?
- Are we tracking facility utilization and optimizing shared resources?

Steps Boards Can Take to Strengthen Research Governance

1. Deepen knowledge. Board members must understand the research enterprise—not at the level of experiment design, but a working knowledge of funding mechanisms, compliance burdens, talent models, and commercialization potential. One mechanism that can be helpful is to hold regular board education sessions. Bringing research leaders, entrepreneurial faculty, trainees, and other experts into board discussions humanizes the enterprise and builds long-term trust. These sessions can deepen understanding, identify new opportunities, and promote cross-functional collaboration.

2. Conduct a research capabilities assessment. An assessment—led by research leadership and external experts—can illuminate:

- Strengths in research programs and partnerships
- Weaknesses in facilities, staffing, or support services
- Opportunities in emerging disciplines or commercialization
- Threats from compliance or safety risks or from peer competitors

Boards should request periodic updates on these findings.

3. Survey the competitive landscape. What are peer institutions doing differently? Are they outperforming in sponsored research? Activating more clinical trials? Licensing more innovative technology? Boards can request benchmarking reports and use their expertise to identify best practices.

4. Learn how research integrates into the broader university mission. Ensure alignment between institutional and research leadership, research operations, and facilities management. Research strategy should be part of the institution's broader capital and academic planning.

5. Review the research strategic plan. Every institution that is participating in academic research should have a research strategic plan that outlines areas such as:

- How the research strategic plan is integrated within the broader institutional strategic plan

- Priority research areas
- Target funding goals
- Talent needs
- Infrastructure investments
- Commercialization objectives

Boards should review this plan regularly and evaluate progress.

6. Monitor research performance metrics. Faculty and administrators may track publications, citations, clinical trial enrollment and revenue, and grant dollars—but boards need targeted, governance-level metrics, that can be monitored via a dashboard and reviewed by a subcommittee. Examples of these metrics include:

- Clinical trial volume and revenue
- Research expenditures per faculty member
- Compliance outcomes
- Facility utilization and deferred maintenance
- Licensing income and startup formation

7. Establish a board subcommittee on research and innovation. A dedicated group of board members (and possibly outside advisors) can provide deeper oversight and continuity. The subcommittee can:

- Review strategic plans
- Engage with research leadership
- Monitor commercialization activities
- Advise on risk and compliance issues

Key Board Takeaways

- Institutional boards play a critical role in academic institutions by overseeing research to ensure strategic alignment, financial stewardship, and risk management across complex funding and compliance landscapes.
- Effective governance requires board members to deepen their understanding of research operations, ask informed questions, and support commercialization, interdisciplinary collaboration, and industry partnerships.
- Boards should actively monitor performance metrics, review strategic plans, and consider forming dedicated subcommittees to enhance research oversight and drive innovation.
- By aligning research strategy with institutional mission and leveraging opportunities in philanthropy, applied research, and facility optimization, boards can transform research into a sustainable engine of impact and growth.

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Conclusion

Academic research is one of the most powerful levers of institutional impact—and one of the most complex to govern. For boards, effective oversight means more than approving grants or greenlighting buildings. It means understanding how research drives institutional strategy, where the risks and opportunities lie, and what governance structures are needed to support long-term success. By investing in education, aligning leadership, supporting commercialization, and monitoring performance, boards of academic health systems can transform research from an opaque cost center into a vibrant engine of innovation, reputation, and resilience.

TGI thanks Andrew Bean, Ph.D., Principal, Daniel Flynn, Ph.D., Of Counsel, Laura Orr, Senior Partner and Global Board Advisory Leader, and Kimberly Smith, Executive Partner and Market Leader, Academic Medicine and Health Sciences, from WittKieffer, for contributing this article. *They can be reached at* ***abean@wittkieffer.com***, ***dflynn@wittkieffer.com***, ***lorr@wittkieffer.com***, *and* ***ksmith@wittkieffer.com***.