

## David F. Benson

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### ACADEMIC POSITIONS

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#### Brigham Young University, Marriott School of Management

- Assistant Professor, 2010-Present
- Instructor, 2009-2010

### EDUCATION

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#### University of Michigan, Ross School of Business, 2010

Ph.D., Strategy and Entrepreneurship

- Dissertation: *Corporate Venture Capital and the Acquisition of Entrepreneurial Firms*
- Dissertation Committee: Rosemarie Ziedonis (Chair, strategy), James Westphal (strategy), Amy Dittmar (finance), Jeffrey Smith (economics)

#### University of Michigan, Ross School of Business, 2003

Masters of Business Administration

- Emphases in Finance and Corporate Strategy
- Dean's Fellow, recipient of 1 of 5 merit-based, full-tuition scholarships

#### Brigham Young University, Marriott School of Management, 1997

B.S., Accounting

- University Honors
- Honor's Thesis: *The Impact of TQM on the Financial Performance of Firms* (advisor: Monte Swain)

### FELLOWSHIPS AND AWARDS

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Kauffman Foundation grant #R0502151 (with Paul Godfrey), \$35,800, to study the role of university-backed startups in creating an entrepreneurial cluster (initial paper tentatively titled, "*Bloom where they're planted' or 'leaving for greener pastures?': The role of universities in anchoring startups to a region.*") (2011)

Emeritus Award, Ross School of Business, University of Michigan (2011); for the graduating doctoral student with the best dissertation

Kauffman Foundation Dissertation Fellow (2008)

SMS / Booz Allen Hamilton Best-Paper Finalist, for the paper "*Trying Before They Buy? Corporate Venture Capital and the Acquisition of Portfolio Companies*" (2006)

Stephen M. Burger Fellow, Semiconductor Research Consortium (2003–2008)

NBER Entrepreneurship "Boot Camp" Seminar participant, Harvard Business School (2008)

Summer Intensive PhD Seminar in Entrepreneurship participant, Case Western Reserve University (2006)

University of Michigan Research Grant, \$7000 (2003-2004)

### RESEARCH PAPERS (PUBLISHED OR UNDER REVIEW)

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David F. Benson (2012). *“Do Corporate Venture Capital Activities “Spill Over” to Affect the Acquisition of Non-Portfolio Firms?”* (job market paper).

- Selected for inclusion, Best Paper Proceedings, Academy of Management, 2009
- Under review at Strategic Management Journal

Evidence suggests that corporate investors systematically overpay when acquiring startups from within their venture portfolios (startups in which they have invested). In this study I examine the extent to which such investments “spill over” and provide information benefits when acquiring non-portfolio firms (those in which the firm has not invested). In other words, does investing in startups *a*, *b*, and *c* improve performance when acquiring startups *d*, *e*, and *f*? I find evidence that it does. CVC investors, while still overpaying when acquiring portfolio companies, earn significantly higher returns when acquiring non-portfolio startups (i.e. *d*, *e*, and *f* in the above example) compared to firms that never make such investments. I also find that these gains dissipate quickly, with only investments made in the current or prior year affecting acquisition performance, and that the benefits of investing are subject to diminishing returns. Finally, investing firms enjoy larger gains the greater the technological diversity of their investments.

David F. Benson and Rosemarie H. Ziedonis (2010). *“Corporate Venture Capital and the Returns to Acquiring Portfolio Companies.”* Journal of Financial Economics 98(4): 478-499.

- The working paper version of this paper was titled, *“Does ‘Trying Before You Buy’ Lead to Systematic Overpayment? Corporate Venture Capital and the Acquisition of Portfolio Companies.”*

In this paper we examine the effect of a prior equity stake on the returns to acquiring entrepreneurial firms. We find that during our sample period (1987-2003) corporate investors provided venture funds to 20% of the startups they subsequently acquired. In contrast to the gains to acquiring startups outright, we find that CVC-backed acquisitions are value-destroying deals for acquiring-firm shareholders. We interpret these results as evidence of overpayment and explore possible explanations for why strategic investors might systematically overpay for the subset of startups they fund and later seek to acquire.

David F. Benson and Rosemarie H. Ziedonis (2009). *“Corporate Venture Capital as a Window on New Technologies: Implications for the Performance of Corporate Investors When Acquiring Startups.”* Organization Science 20(2): 329-351.

This paper examines the conditions under which corporate venture capital (CVC) enhances the performance of established firms when acquiring technology startups, even absent a direct equity tie. Drawing on the absorptive capacity and organizational learning literatures, we predict that the degree to which CVC investments improve the acquisition performance of corporate investors hinges on (1) the share of external venture investing relative to internal R&D spending (referred to as “CVC Intensity”) and (2) the continuity of the corporate venturing program. As predicted, we find a curvilinear relationship between CVC intensity and acquisition performance. We also find that

established firms with stable CVC programs earn significantly greater returns when acquiring startups than corporate investors with more sporadic patterns of investment.

## **RESEARCH IN PROGRESS**

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Benson, D.F., Godfrey, P.C. *“Blooming Where They’re Planted’ or ‘Leaving for Greener Pastures?’: The Role of Universities in Anchoring Startups to a Region.”* (Target: Management Science)

Benson, D.F. *“The Use (and Abuse) of Event Studies in Acquisition Research.”* (Target: Strategic Management Journal)

Benson, D.F., Furr, N.R. *“How Much Do Startups’ Really Change? The Role Of ‘Pivots’ in Business Model Development.”* (Target: Strategic Management Journal)

Benson, D.F., Dyer, J., Furr, N.R. *“What Every CEO Needs to Know about Crowdsourcing.”* (Target: Harvard Business Review).

Benson, D.F., Galloway, T., Lee, S., Sahayn, A. *“Who Acquires Whom in the Market for Startups? The Matchmaking Role of Venture Capitalists.”* (Target: Strategic Management Journal)

## **CONFERENCES & PRESENTATIONS**

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*“Do Corporate Venture Capital Activities “Spill Over” to Affect the Acquisition of Non-Portfolio Firms?”*

- Winter Strategy Conference, Park City, UT (March 2011)
- Darden Entrepreneurship & Innovation Research Conference, University of Virginia-Darden School, Charlottesville, VA (May 2011)
- School of Management, Boston University, Boston, MA (March 2009)
- Scheller College of Business, Georgia Tech University, Atlanta, GA (February 2009)
- INSEAD, Fontainebleau, France (February 2009)
- Marshall School of Business, University of Southern California, Los Angeles, CA (January 2009)
- Stern School of Business, New York University, New York, NY (December 2008)
- Marriott School of Management, Brigham Young University, Provo, UT (November 2008)
- Academy of Management, Anaheim, CA (August 2008)
- Atlanta Conference for Competitive Advantage (ACAC), Emory University, Atlanta, GA (June 2008)
- Consortium on Competitiveness & Cooperation (CCC), Atlanta, GA (April 2008)

*“Corporate Venture Capital as a Window on New Technologies: Implications for the Performance of Corporate Investors When Acquiring Startups”*

- Strategic Management Society (SMS), San Diego, CA (October 2007)
- Atlanta Conference for Competitive Advantage (ACAC), Georgia Tech University, Atlanta, GA (June 2007)
- University of Michigan Entrepreneurship Workshop, Ann Arbor, MI (April 2007)
- *Organization Science*, Conference on Strategic Renewal, Chicago, IL (March 2007)
- Roundtable for Engineering Entrepreneurship Research (REER), Georgia Tech University, Atlanta, GA (December 2006)

- West Coast Technology Forum, Seattle, WA (September 2006)

*“Does ‘Trying Before You Buy’ Lead to Systematic Overpayment? Corporate Venture Capital and the Acquisition of Portfolio Companies”*

- Babson Kauffman Entrepreneurship Conference, Indiana University, Bloomington, IN (June 2006)
- Harvard Entrepreneurship Conference, Cambridge, MA (December 2005)
- Strategic Management Society (SMS), Orlando, FL (October 2005)
- Strategy Brown Bag Series, University of Michigan, Ann Arbor, MI (September 2005)
- Atlanta Conference for Competitive Advantage (ACAC), Emory University, Atlanta, GA (June 2005)
- Finance Brown Bag Series, University of Michigan, Ann Arbor, MI (March 2005)

## **TEACHING**

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Economics of Strategy (ManEc 387), class included in management core, BYU

- Overall rating, 7.3/8.0 (Business school average, 6.8)

Corporate Strategy (CSIB 390), core strategy course for BBAs, University of Michigan

- Overall Rating 4.8/5.0 (Business school average, 4.2)

## **WORK EXPERIENCE**

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Electronic Data Systems, 1997 – 2001

Church of Jesus Christ of Latter-Day Saints, Buenos Aires, Argentina 1991 – 1993

## **PERSONAL**

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Fluent in Spanish, CPA, Eagle Scout

Enjoy scuba diving, racquetball, tennis, & biking