

“In these times of unprecedented turbulence and uncertainty in higher education, *Dynamic Universities* provides all university leaders a clear framework for navigating a path forward by identifying and using dynamic capabilities. Strategic plans in higher education must provide room to exploit the opportunities that arise from turbulence through dynamic innovation.”

David W. Blackwell
Lynn Pippenger Dean, Muma College of Business,
University of South Florida, and former
Provost, University of Kentucky

“This is the right book at the right time for leaders in higher education. Building deductively on the foundation of Teece’s decades of research on dynamic capabilities as drivers of organizational performance, Teece and Heaton deliver a fresh and illuminating approach for how senior leaders can succeed in today’s extraordinarily fluid higher education environment.”

Steven C. Currall, Executive Director and Associate
Vice Provost for Academic – Corporate Initiatives,
Harvard University, and former
President, University of South Florida

“Dynamic and entrepreneurial are not words often associated with universities or their leaders but, as Teece and Heaton convincingly argue, these are exactly the characteristics they need to thrive in these challenging times. This book combines keen insights with well-chosen examples to illustrate how dynamic, entrepreneurial leaders can help their institutions succeed.”

John L. Hennessy
President of Stanford University, 2000–16

“A masterly exposition of how concepts from business strategy really can be applied to educational institutions.”

Sir John Kay
Fellow of St John’s College, University of Oxford

"Dynamic Universities is essential reading on how embracing the ethos of innovation and entrepreneurship enables higher education to meet the changing needs of the students and society we serve. As we've seen at Berkeley, we must be ready and able to question the status quo as the pace of change accelerates. An astute analysis of powerful trends and a compelling call to action at a time when the relevance and societal contribution of our institutions are being questioned."

Rich Lyons
Chancellor of the University of California, Berkeley

"A brilliant roadmap for university leaders navigating unprecedented change. Professors Teece and Heaton show how dynamic capabilities can preserve the mission of higher education while driving innovation and societal progress."

José Muñoz, President and CEO,
Hyundai Motor Company

"The authors have assembled a resilient leadership philosophy that will guide universities as they respond to a future of ever increasing uncertainties. Drawing upon case studies and interviews, they conceive a brilliant combination of dynamic capacity from the field of economics and strategic, entrepreneurial thinking from the field of innovation to illustrate how the 'Dynamic University' can thrive in our tumultuous times. This book has a sacred place on my office desk."

Albert "Al" P. Pisano
Dean of Jacobs School of Engineering,
University of California, San Diego

Dynamic Universities

In times of deep uncertainty, the “entrepreneurial university” needs to be able to transform itself, when necessary, to maintain long-term evolutionary fitness. *Dynamic Universities* explores how strategic, entrepreneurial leadership can help US higher education institutions thrive amid unprecedented challenges. Drawing on the dynamic capabilities framework, David J. Teece and Sohvi Heaton provide a strategic roadmap to help university leaders identify emerging opportunities and threats, take decisive action, and sustain competitiveness by enhancing, safeguarding, and reconfiguring key institutional assets – ultimately driving long-term transformation and success. Through compelling case studies – including Stanford and Berkeley – and interviews with global university leaders, this book offers practical insights into managing complexity, fostering innovation, and building resilient academic ecosystems. It is essential reading for administrators, policymakers, and anyone interested in the future of higher education.

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Dynamic Universities

How Strategic, Entrepreneurial Leaders Can Strengthen Higher Education

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Contents

Preface	page ix
1 Introduction: Challenges in Managing Today’s Universities	1
Higher Education in the US	6
Financial Challenges	8
Competition	14
Geopolitical Issues	16
A Strategic Framework	17
2 Campus Entrepreneurs	21
Technology Transfer	26
Teaching Entrepreneurship	29
Entrepreneurship Is Everywhere	31
Enhancing the Core Mission	33
The Role of University Leadership	35
3 The Entrepreneurial University	39
Innovation Ecosystems	42
The Need for Entrepreneurial Leaders	52
4 Dynamic Capabilities: Putting Silicon Valley in a Bottle	59
The Dynamic Capabilities Framework	61
Sensing	67
Seizing	73
Transforming	81
5 Berkeley and Stanford Take Different Paths	88
Stanford	93
Berkeley	106
Comparing Dynamic Capabilities at Berkeley and Stanford	125

viii CONTENTS

6	The Peril and Promise of Digital Technology	131
	A Brief History of Digital Disruption	134
	Rise of the MOOCs	135
	The Need for Strong Dynamic Capabilities	138
	Emerging Technologies	151
7	Safe Spaces and Freedom of Speech	156
	Academic Freedom and Campus Free Speech	159
	The Attack on Campus Free Speech	162
	Dynamic Capabilities and the Defense of Campus Free Speech	169
8	University Leadership Skills for the Twenty-First Century	177
	Challenges for University Leaders	178
	Six Essential Leadership Skills	181
	Anticipate	182
	Challenge	184
	Interpret	186
	Decide	189
	Align	192
	Learn (and Transform)	194
9	Conclusion: Dynamic Leadership for Navigating Turbulent Times	200
	Notes	205
	Select Bibliography	236
	Index	247

Preface

This book was started five years ago, well before the 2025 kerfuffle involving the Trump administration and a select few top US universities, most notably Columbia and Harvard. Like many others, we disagree with Trump's tactics, but we do believe that serious campus leadership issues have been festering on many campuses for some time. We start Chapter 1 on that note, noting that even faculty at left-leaning Berkeley have asked, "Do our critics have a point?" However, our focus is not on current "this year" events but on the long-term issues that were present before Trump and on the many that will remain after him.

Our mission is to highlight, first, that the leaders of colleges and universities, like those of other long-standing institutions, must be proactive and not just reactive in managing their institutions. While academia cherishes its independence and has often been wary of engaging with private enterprise, there is little doubt that universities today, whether public or private, cannot remain aloof from the society in which they exist and which they claim to serve. As we will show, they can do this while staying true to the principles of independent inquiry and vigorous debate.

The last seventy-five years have been a time of stability and growing prosperity associated in part with the globalization of the economy and of the university itself. However, that stability and predictability are fading in many quarters, requiring campus leadership both to adjust to the changed environment and also to take the initiative and shape that environment. The higher levels of uncertainty and the speed of technological change that are now upon us require much more than the "organized chaos" that may have been less problematic in the past.

X PREFACE

As a result, colleges and universities will have to embrace new opportunities – in new classroom technologies, new ways of doing research, and new methods of teaching, at scale and in small groups. This new environment demands also that the spirit of entrepreneurship take a central place on campus and in the mindset of the leadership team; it is not just business-style entrepreneurship but also social entrepreneurship and academic entrepreneurship (by starting new programs and schools and shutting down old ones). In particular, the long-run sustainability of universities and colleges will depend on delivering and capturing value for the campus and society from new technologies based on cutting-edge science, both physical and social.

Yet for too long, university leaders have been nonstrategic, failing to diagnose properly the key obstacles to progress and therefore unable to figure out how to surmount them. It is not enough for campus leaders to reiterate goals and have financial plans. They must be strategic, fully aware of both on-campus and off-campus constituencies that they serve, and direct their efforts to the tough nuts they must crack to succeed.

As current events show, many university leaders have failed to recognize and address the threat posed by noisy factions, often from off campus, that choose to use the university as a place not to engage in rational debate but to try to bludgeon others into their point of view, capture media coverage, and disrupt campus operations. The *raison d'être* of the university is to be a place for free, open, and reasoned discussion, and free speech needs to be respected and cherished. But that means free speech for all, and not just for some. Of course, these issues are highly nuanced, and creating the right balance is not always easy. Protected speech can lose protection if it substantially disrupts normal operations; leads to imminent lawless actions; results in harassment of others based on race, sex, religion, and so on; or interferes with education. Shouting down a speaker is not protected, and as repeated US court decisions have concluded, speech codes are impermissible because they chill lawful expression.

Campus leaders, and trustees in particular, must also look beyond their perimeter and work to actively build an entrepreneurship and innovation ecosystem around the campus. Some university leaders have already made critical investments in developing their neighboring communities, most notably the presidents of the University of Pennsylvania, Massachusetts Institute of Technology (MIT), and Yale University. More must do so. Such investments tie in with broader societal goals for US technology leadership, employment growth, national security, and, last but not least, campus prosperity. The new environment complements the university's more traditional mission and ought to be supported, not suffocated. Fostering campus entrepreneurship has shown significant success at such great universities as Stanford, Carnegie Mellon, MIT, and more recently, the University of California, Berkeley. Making it easier and more attractive for graduates to continue with cutting-edge activities in the immediate vicinity of campus is a force multiplier.

This book puts forward an organizing framework, developed by one of us (Teece), for examining these issues. It is called dynamic capabilities. The framework aims to codify how great Silicon Valley companies succeed and continue to prosper. Silicon Valley firms operate under great technological uncertainty. Today, colleges and universities also confront uncertainty – not only technological, but financial (traditional funding sources are at risk), demographic, and political.

If university leaders ever had a quiet life, it is no more. We offer the dynamic capabilities framework as a helpful tool for campus leaders and trustees to help diagnose problems, design and execute solutions, and bring about constant transformation. It's a simple framework that is general enough to aid university leaders who often have little exposure to management thinking. We hope it helps.