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Venture capitalist, brother of Boeing CEO heads to Northwestern



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Pete McNERney

Students enrolling in a popular business-plan course next month at Northwestern University will see a familiar name on the syllabus: a veteran executive named McNERney.

Pete McNERney, a longtime venture capitalist and brother of Boeing CEO Jim McNERney, will be helping to lead the NUvention medical program. The six-month course involves students from Northwestern's engineering, business, law and medicine programs who take business plans from concept to prototype.

The course has about 70 students who make up seven to 10 teams. Generally, one or two teams will continue on after the class and try to launch a company.

"To me the strength of the NUvention course is if students can come up with an idea that has commercial viability, that's great,"

McNERney says. "But it's not that easy in six months. The major contribution is to teach these students what it takes to commercialize a good idea, to know what it's like to build a team.

"We spend lot of time in the venture world working with smart people who are passionate about their ideas who didn't know what it took to build a business. You can waste a lot of time early in your career making mistakes that can be avoided."

McNERney spent most of his career in Minneapolis, running venture funds focused on medical devices and life sciences. Four years ago, he returned to the North Shore, where he grew up.

Family ties

He got involved in NUvention classes last year as a panelist and observer. Julio Ottino, dean of Northwestern's McCormick School of Engineering, and Michael Marasco, who oversees the NUvention program, asked McNERney to take a crack at updating the medical sequence, which was the first area of concentration when NUvention launched in 2007.

McNERney had participated in an executive-education program at Harvard University and was beginning to wind down his involvement at **Thomas McNERney & Partners**, the Minneapolis-based venture fund he co-founded. Although he attended Yale and Stanford universities, Northwestern is familiar territory.

"I didn't go to Northwestern, but three of my four sons went there, so I got to know the school pretty well," McNERney told me last week.

His father, Walter, taught health policy at Northwestern after spending 20 years as president of the Chicago-based Blue Cross & Blue Shield Association, a trade group for various Blue Cross & Blue Shield insurers. His brother, Jim, is on the board of trustees.

Marasco says the NUvention medical program initially had a focus on medical devices, but it's shifting toward more traditional information technology.

"My desire has been to expand that to look at health care overall, given all the money going into health care IT. Pete lived that," said **Marasco, who leads the Farley Center for Entrepreneurship and Innovation** at McCormick.

McNERney got his start at Baxter, where he worked for 11 years before launching his own company. After it was sold, he co-founded Coral Ventures, a venture-capital firm focused on life sciences and information technology that raised \$265 million over three funds. He then co-founded Thomas McNERney & Partners, which raised a \$215 million fund in 2002 and a \$375 million fund in 2006.

Shifting trends

"In 2008, I thought the action was shifting to how health care was being financed," he says.

Passage of the Affordable Care Act accelerates that transition.

"Ten years ago, medical technology was very focused on specialty areas such as cardiology, orthopedics," McNERney says. "Now with ACA, there's a growing need for information—harvesting data and using IT."

Last year, the amount of investment in digital health care deals by corporate venture funds snared 44 percent from 2011, according to **CB Insights**, a New York-based research firm

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shared 77 percent from 2011, according to [CB Insights](#), a New York-based research firm.

The shift also was apparent at Harvard, where McNerney was enrolled in the **advanced leadership initiative for late-career executives**. "I got involved in a bunch of health care stuff where three out of four ideas were in information technology," he said.

McNerney is one of several executives with deep industry expertise who help give the NUvention program a grounding in market reality that hopefully results in more viable student companies. Todd Warren, a former Microsoft executive who now runs a venture fund, leads NUvention Web. Ed Voboril, chairman of NUvention Medical, is chairman of Analogic, a Boston-based medical-imaging company.

One of NUvention Medical's success stories is **NuCurrent**, which developed new technology for more efficiently charging wireless devices. The firm raised \$3.5 million last year. Another is **BriteSeed**, a medical-device maker.

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