

Partnerships: Universities and Private Providers

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ONE OF THE CHALLENGES OF THE PARTNERSHIP BETWEEN PRIVATE ENTERPRISE AND UNIVERSITIES IS THE ROLE AND POSITION OF STATE AND/OR FEDERAL GOVERNMENTS.

IT'S WORTHWHILE POINTING OUT AT THE START THAT THE ROLE OF PRIVATE ENTERPRISE IS ALIVE AND WELL WITHIN THE EDUCATIONAL SECTOR AND IS GROWING.

THE PARTNERSHIP THAT I WILL ADDRESS IS PROBABLY ONE OF THE OLDEST AND LARGEST – IN STUDENT AND DOLLAR TERMS THAT EXISTS IN AUSTRALIA.

IN FACT, THE CENTRAL QUEENSLAND UNIVERSITY /CMS /CAMPUS GROUP PARTNERSHIP IS ABOUT TO COMMENCE ITS 13th YEAR ON JULY 1. ITS COME A LONG WAY SINCE JULY 1994 WHEN 26 STUDENTS COMMENCED IN SYDNEY. TODAY, IT HAS SOME 10500 STUDENTS AND GROSS TUITION REVENUES IN EXCESS OF \$125M. WHEN ONE ADDS THE OTHER EDUCATIONAL ACTIVITIES THAT WE (CAMPUS GROUP) CARRY OUT THAT NUMBER INCREASES TO \$150M AND SOME 12500 STUDENTS.

IN THE 13 YEARS IT'S FAIR TO SAY THAT JOINTLY IN ONE FORM OR ANOTHER WE HAVE MADE EVERY MISTAKE THAT COULD BE MADE IN SUCH A PARTNERSHIP.

WE HAVE REVISITED THE RELATIONSHIP NO LESS THAN 8 TIMES AS WE JOINTLY DISCOVERED THINGS THAT WE WERE NOT AWARE OF WHEN WE STARTED. THESE WERE MAINLY IN OPERATIONAL AREAS AND CAME ABOUT THROUGH THE CONTINUAL INTEGRATION OF THE

OPERATIONAL AND ACADEMIC SIDES OF THE RELATIONSHIP.

THEREFORE IT WON'T SURPRISE YOU TO LEARN THAT WE ARE AGAIN REVISITING THE RELATIONSHIP AGREEMENTS. THE OPERATION IS NOW A LARGE AND COMPLEX BUSINESS THAT CAN NO LONGER BESERVED BY THE AGREEMENTS UNDER WHICH WE HAVE WORKED SINCE 1999 – THE LAST TIME OF RE VISITING THE RELATIONSHIP AGREEMENTS.

TODAY IN THE CAMPUS GROUP/CMS RELATIONSHIP WE HAVE SOME 1400 FULL AND PART TIME STAFF IN 16 LOCATIONS IN SEVEN COUNTRIES ACROSS ALL EDUCATIONAL SECTORS OTHER THAN PRIMARY SCHOOL.

TO TRY TO PUT SOME FRAMEWORK AROUND A STRUCTURE THAT WE FEEL IS WIDELY MISUNDERSTOOD, LET ME FIRST EXPLAIN HOW WE OPERATE.

FIRSTLY WE DON'T SEE CAMPUS GROUP/CMS AS AN EDUCATIONAL PROVIDER. WE SEE OUTSELVES AS A MANAGEMENT COMPANY OF EDUCATIONAL LOCATIONS IN PARTNERSHIP WITH SELECTED EDUCATORS IN SELECTED LOCATIONS. WE HAVE FACULTY STAFF RANGING FROM FORMER DEPUTY VICE CHANCELLORS, SENIOR LEGAL COUNSEL MEMBERS, DEANS, SENIOR LECTURERS ETC ALL TEACHING AT VARIOUS LOCATIONS IN EITHER A FULL OR PART TIME MODE.

WE HAVE MAJOR INVESTMENT IN ELECTRONIC LIBRARIES AND ARE ABOUT TO ADD THE ACCESS TO THE THIRD LARGEST ELECTRONIC UNIVERSITY LIBRARY IN THE US TO THIS INVESTMENT.

BESIDE THE OBVIOUS ACADEMIC RESOURCES WE MUST HAVE IN PLACE TO MEET THE REQUIREMENTS OF OUR

PARTNERS WE ALSO HAVE SUBSTANTIAL RESOURCES IN STRATEGIC PLANNING, ANALYSIS OF MARKET SEGMENTATION AND OF COUNTRIES AND OF THE MARKET TRENDS IN SELECTED COUNTRIES. WE HAVE STAFF THAT HAVE STRONG CONSUMER MARKETING BACKGROUNDS AND STRATEGIC DEVELOPMENT BACKGROUNDS.

WE LIVE OR DIE BY OUR ABILITY TO MEET TRENDS AND MARKETS DEMANDS WHILE NOT COMPROMISING ANY OF OUR PARTNERS BRAND AND QA REQUIREMENTS WHICH HAVE BEEN DISTILLED INTO THE OPERATIONAL POLICIES UNDER WHICH WE ARE AUDITED AND MEASURED.

IN VARIOUS LOCATIONS WE ARE IN PARTNERSHIP WITH CENTRAL QUEENSLAND UNIVERSITY; NATIONAL UNIVERSITY OF THE US; UNIVERSITY OF BALLARAT IN NZ; NORTH COAST INSTITUTE OF TAFE; NZ MINISTRY OF EDUCATION AND THE MERIDIAN INTERNATIONAL SCHOOL WHICH IS A HIGH SCHOOL OPERATION.

I AM GOING TO TRY TO PUT INTO PERSPECTIVE THE CQU/CAMPUS GROUP/CMS PARTNERSHIP AS IT'S THE BEST KNOWN AND THE ONE THAT GENERATES THE MOST COMMENT. MANY OF THE COMMENTS THAT ARE EXPRESSED ABOUT THE CQU /CAMPUS GROUP /CMS PARTNERSHIP ARE BY PEOPLE WITH LITTLE KNOWLEDGE OR AWARENESS OF HOW IT OPERATES. AFTER 12 YEARS, IT'S A HIGHLY SOPHISTICATED COMPLEX OPERATING MODEL THAT IS INCREASINGLY INTEGRATED INTO THE MANAGEMENT STRUCTURE OF THE UNIVERSITY AT ALL LEVELS. IT IS SEAMLESS BUT AT THE SAME TIME --- COMPLEX.

CAMPUS GROUP/CMS STAFF SIT ON THE ACADEMIC BOARD OF THE

UNIVERSITY, THEY ARE MEMBERS OF THE VARIOUS FACULTY COMMITTEES AND PLAY MAJOR ROLES IN PARTNERSHIP IN COURSE DEVELOPMENT AND REVIEW. THEY ARE HIGHLY CREDENTIALLED ACADEMIC PEOPLE WITH QUALITY CAREERS AT A NUMBER OF UNIVERSITIES.

A HIGHLY DEVELOPED QUARTERLY REVIEW STRUCTURE ACROSS ALL ASPECTS OF THE UNIVERSITY /CMS /CGH RELATIONSHIP OPERATES AND IS CHAIRED BY THE DVC. IT'S A PROACTIVE USER GROUP – BUT IT TOOK NEARLY 10 YEARS TO MAKE IT SO.

CQU'S CHANCELLOR, DEPUTY CHANCELLOR AND VICE CHANCELLOR SIT ON AND ATTEND ALL CMS BOARD MEETINGS WHICH ARE EVERY SIX WEEKS. THE ENTERPRISE IS AUDITED BY THE QUEENSLAND AUDIT OFFICE AND EACH EDUCATIONAL LOCATION UNDERGOES 11 EDUCATIONAL AUDITS ANNUALLY BY VARIOUS BODIES FROM THE INDIVIDUAL STATE OFFICES OF HIGHER EDUCATION, TO THE PROFESSIONAL BODIES, REGULATORY AUTHORITIES SUCH AS DIMIA ETC, AND THE UNIVERSITY FACULTY.

FURTHER WE CONDUCT OUR OWN SPOT AUDITS – PLUS THE AUQA AUDIT. THERE CAN BE NO EDUCATIONAL LOCATIONS THAT ARE MORE AUDITED THAN THE INTERNATIONAL CAMPUSES OF CQU. WE HAVE NO PROBLEM WITH ANY OF THESE AUDITS AS WE WELCOME THE AUDIT PROCESS.

THE REQUIREMENT FOR AUDITABLE QUALITY CONTROL SYSTEMS HAD LED US TO HAVE A FULLY STAFFED AUDIT OFFICE IN OUR HEAD OFFICE SUPPORTED BY AUDIT AND COMPLIANCE STAFF IN EACH TEACHING LOCATION WHO REPORT INTO THE HEAD OFFICE AND NOT TO THE LOCAL TEACHING LOCATION DIRECTOR.

IN NEW ZEALAND WE HAVE RECENTLY HAD TO GO THROUGH A DEMANDING AND THOROUGH PROCESS BY THE NZQA TO BE ALLOWED TO BRING AUSTRALIAN DEGREES INTO NZ. FIRST WITH THE UNIVERSITY OF BALLARAT AND NOW WITH CQU.

WHILE ONE DOES NOT MIND THE BARRIERS TO ENTRY BEING HIGH, IT DOES MEAN THAT ONE NEEDS A LONGTERM VIEW AND DEEP POCKETS.

ALL THIS SOUNDS LIKE WE HAVE IT UNDER CONTROL ON ALL FRONTS. HOWEVER LET ME ASSURE YOU THAT WE DON'T AND LET ME ADDRESS THE CHALLENGES AND PROBLEMS THAT NOW CONFRONT SUCH PARTNERSHIPS AND THE NEED FOR CHANGE TO ADDRESS THESE CHALLENGES.

FROM OUR PERSPECTIVE I HAVE CHOSEN TO ADDRESS THE LEVELS OF CHALLENGE UNDER THREE HEADINGS HOWEVER IT IS FAIR TO SAY THAT ONE HEADING PROBABLY COVERS THE WHOLE RANGE OF CHALLENGES THAT CONFRONT THE QUESTION OF UNIVERSITY AND PRIVATE PROVIDER PARTNERSHIPS.

IN MY OPINION, THE CRITICAL ASPECT, IS THE CULTURAL DIFFERENCES THAT EXIST BETWEEN THE UNIVERSITY SECTOR AND THE PRIVATE PROVIDER. THESE CULTURAL DIFFERENCES LEAD ONTO THE QUESTIONS OF TIMEFRAMES AND FLEXIBILITY.

THERE IS A WIDE AND DIFFICULT GULF BETWEEN THE CULTURE OF THE UNIVERSITY SECTOR AND THAT OF THE COMMERCIAL/ CORPORATE SECTOR. IT IS REFLECTED IN THE APPROACHES TO DECISION MAKING AND STRATEGIC COMMERCIAL ASPECTS SUCH AS COST

EVALUATION AND CONTROL, INVESTMENT SPENDING.ETC.

POLICIES FOLLOWED BY COMMERCIAL OPERATORS ON INVESTMENT ARE VERY DIFFERENT FROM UNIVERSITY POLICIES. THE OBJECTIVES ARE VERY DIFFERENT BETWEEN THE TWO PARTIES ON KEY ASPECTS OF INVESTMENT.

THE QUESTION OF "OWNERSHIP" OF A FUNCTION OR OPERATION WITHIN A UNIVERSITY IS VASTLY DIFFERENT TO THAT OF "OWNERSHIP" WITHIN THE PRIVATE SECTOR. WHO IS RESPONSIBLE WITHIN THE UNIVERSITY FOR DECISION MAKING IS SOMETHING THAT MANY COMMERCIAL OPERATORS SIMPLY CANNOT UNDERSTAND. THEY FIND IT FRUSTRATING AND CHALLENGING TO BE MOVING SO VERY SLOWLY ON OUTCOMES WHEN IN THE COMMERCIAL WORLD ONE EXPECTS MOST OF THE DECISIONS TO BE MADE WITHIN A FEW WEEKS AT MOST.

THESE DIFFERENCES COME FROM WITH THE DIFFERENCE BETWEEN A COMMITTEE COLLAGIATE MANAGEMENT APPROACH AND CULTURE AND A LINE MANAGEMENT CULTURE GEARED TO MEASURABLE OUTCOMES IN THE COMMERCIAL WORLD.

THE CULTURE OF STAFF TURNOVER COMPOUNDS MANY OF THE ISSUES THESE PARTNERSHIPS FACE. IN 12 YEARS WE IN CAMPUS GROUP/CMS HAVE HAD IN PARTNERSHIP WITH CQU – FIVE VICE-CHANCELLORS; 20 DVC's /PVCs; NEW DEANS; NINE FINANCE DIRECTORS, FOUR INTERNATIONAL DIRECTORS ETC.

IT IS MY OPINION THAT THE INTRODUCTION AND EVER GREATER USE OF FIVE YEAR EMPLOYMENT CONTRACTS IN EDUCATION HAS INCREASED THE SHORT TERM DECISIONS THAT

MANAGEMENT MAKES. IT ALSO CAUSES SHORT TERM PLANNING AS KEY STAFF REGULARLY MOVE WITHIN THE USUAL FIVE YEAR EMPLOYMENT CONTRACT FRAMEWORK.

THE SECOND SERIOUS CHALLENGE I SEE IS ONE OF TIMEFRAME AGREEMENTS. AFTER 12 YEARS IN PARTNERSHIP WITH A UNIVERSITY IT IS CLEAR PARTNERSHIPS WITH A UNIVERSITY **MUST** BE LONGTERM.

WE INITIALLY STARTED OUT WITH A THREE YEAR AGREEMENT, WHICH LED TO A FIVE YEAR AGREEMENT AND THEN WE ADDED ANOTHER FOUR YEARS TO ROUND IT OUT TO 2010.

WE ARE WELL INTO ADDRESSING A NEW MANAGEMENT AGREEMENT THAT ROLLS IT OUT ANOTHER 15 YEARS WITH A FIVE YEAR ROLLING CANCELLATION CLAUSE – THUS MAKING IT EFFECTIVELY 20 YEARS. WE HAVE BEEN DISCUSSING THIS FOR NEARLY TWO YEARS AND IT IS HIGHLY COMPLEX.

CONTRACTS OF LESS THAN 10 YEARS HAVE LITTLE VALUE AS IN THE OPERATIONAL MODEL WE HAVE IT TAKES FIVE TO SIX YEARS FOR A LOCATION TO REACH SUFFICIENT CRITICAL MASS TO BREAKEVEN AND THE INVESTMENT AT EACH LOCATION IS SOMEWHERE AROUND \$4M OVER THE FIRST FOUR OR FIVE YEARS – THIS EXCLUDES CAPEX/PROPERTY COSTS.

HOW ONE HANDLES THE PROBLEM OF TIMING WHEN THE PEOPLE WITH WHICH ONE COMMENCED ONE'S RELATIONSHIP WITH HAVE LEFT IS A MAJOR CHALLENGE. IT CALLS FOR THE NEED FOR A SENIOR PERSON WITH AUTHORITY TO HAVE LONG-TERM INVOLVEMENT WITH THE COMMERCIAL/CORPORATE SECTOR FOR THE BEST OUTCOMES.

FINALLY THE MOST CRITICAL OF ALL ELEMENTS FROM AN OPERATIONAL PERSPECTIVE IS THE ONE OF FLEXIBILITY. THESE PARTNERSHIPS RIDE OR FALL ON CULTURAL CONFLICTS BEING MANAGED, TIMEFRAMES BEING REASONABLE AND FINALLY FLEXIBILITY BEING ACHIEVED.

A PARTNERSHIP IS DRIVEN BY MARKET FORCES AND THE REQUIREMENTS FOR FLEXIBLE APPROACHES AND ATTITUDES IS PROBABLY THE MOST IMPORTANT OF THE PARTNERSHIP. WITHOUT SUCH FLEXIBILITY THE PARTNERSHIP CANNOT MEET MARKET EXPECTATIONS AND DEMANDS WHICH ARE THE VERY REASONS FOR HAVING THE PARTNERSHIP IN THE FIRST PLACE.

THE PARTNERSHIP THAT WE – CQU AND CMS/CGH HAVE TODAY – IS MATURE YET STILL EVOLVING. IT STILL HAS ITS CULTURAL CONFLICTS BUT THEY ARE NOW CONFLICTS OF CHALLENGE RATHER THAN CONFLICTS OF ATTITUDE OR VALUE. TOLERANCE PLAYS A LARGE PART FOR BOTH PARTIES.

WE LIKE TO BELIEVE THAT OUR PARTNERSHIP IS DRIVEN BY SHARED VALUES, SHARED OPPORTUNITIES, RESPECT FOR THE SKILLS AND TALENTS OF EACH AND AN UNDERSTANDING OF MARKET NEEDS AND REACTIVENESS.

PUBLIC/PRIVATE PARTNERSHIPS THAT DON'T HAVE SUCH FOUNDATIONS WILL BE CONFRONATIONAL AND DESTRUCTIVE AND BOUND TO FAIL FOR BOTH PARTIES. AFTER 13 YEARS I DON'T EXPECT OURS TO BECOME LIKE THAT. WE HAVE JOINTLY EXPERIENCED THE SUCCESSES AND FAILURES – AND WANT TO KEEP DOING SO.