DUE DILIGENCE FOR INTERNATIONAL COLLABORATIVE PARTNERSHIPS

A critical evaluation of the practical application of the current University legal, financial & process due diligence

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INTRODUCTION

• CONTEXT
  – OUTLINE OF EXTERNAL ENVIRONMENT
  – SWOT ANALYSIS OF UNIVERSITY POSITION

• UNIVERSITY PROCESS FOR APPROVAL OF NEW PARTNERS & DEFINITION OF DUE DILIGENCE

• UNIVERSITY BACKGROUND AND POSITION REGARDING INTERNATIONAL PARTNERSHIP DEVELOPMENT & THE EVOLVING DUE DILIGENCE PROCESSES

• CHALLENGES & ISSUES ENCOUNTERED

• PROPOSALS FOR CHANGE

• BENEFITS TO THE UNIVERSITY
‘PESTEL’ ANALYSIS OF CONTEXT IN RELATION TO INTL. PARTNERSHIP DEVELOPMENT

POLITICAL
• Funding Higher Education, reducing demand from UK students?
• Student number control
• Introduction of new private providers
• Agreements between Countries

SOCIO-CULTURAL
• Perceptions of the UK – Safe?
• Attitudes to International students
• UK – Closed to International students
• Competition from other Countries

ECONOMIC
• Currency fluctuations & Exchange rates
• Unemployment
• Crisis in Global economy = reduced demand for knowledge workers

TECHNOLOGICAL
• E-learning increasing
• Travel easier/faster
• Communication through Social Media

ENVIRONMENTAL
• Travel for staff (TNE)
• Energy costs rising

LEGAL
• Changes to UKBA Regulations
• QAA CP Limited Confidence Judgements –
  • UoW, Leeds Met
• QAA highlight importance of appropriate Contracts
SWOT ANALYSIS OF UNIVERSITY POSITION RE INTERNATIONALIZATION

STRENGTHS
• Fastest growing University in England
• High quality facilities
• Good NSS & TH University of the Year
• Commitment to Internationalization
• Responsive to change

WEAKNESSES
• Location
• Place in League Tables
• Small number of staff with International expertise
• Commitment to Internationalization
• Limited suitable Programmes
• Small number of overseas students
• Happening very quickly – little time to adjust & reflect

OPPORTUNITIES
• New curriculum development
• Increasing International Office activity
• New Partnerships
• Funding available within University
• Developing expertise
• Effective Change Management Process

THREATS
• Changes in Government Policy
• New entrants to the Market
• Increasing range of HE Providers
• Limited experience in Overseas recruitment/development
• Cost
UNIVERSITY APPROVAL PROCESS FOR NEW PARTNERS

• Initial Approval required at various levels:
  – Directorate
  – Faculty
  – Central Committee

• Refer to the ‘Guide to Approval of University Collaborative Partners’

• Academic, Legal, financial & process Due Diligence
WHAT IS DUE DILIGENCE?

• Due diligence refers to the care a reasonable person (or organisation) should take before entering into an agreement or a transaction with another party.

• Due diligence is a way of preventing unnecessary harm to either party involved in a transaction.

• Due diligence is a term used for a number of concepts involving either an investigation of a business or person prior to signing a contract.
UNIVERSITY INTERNATIONAL PARTNERSHIP DEVELOPMENT

• First formal collaborative International Partnership in 2007
• 2 Additional Partnerships in Singapore
• 1 Formal ‘franchise’ Partnership in China
• Range of Articulation Agreements
• Limited number of colleagues with International experience in terms of:
  – International Student recruitment
  – Teaching/Supporting International students
  – Curriculum development with an International focus
DUE DILIGENCE (DD) FOR COLLABORATIVE PARTNERS

• Previous experience with UK FE Colleges
  – Focus on academic delivery led by Quality Unit
  – Limited risk regarding legal & financial affairs

• First Overseas Partnership in Singapore
  – Highly regulation, gave University confidence to proceed
  – Good understanding of Singapore Education System
  – Few cross-cultural communication issues, and no language barrier
• New more rigorous legal & financial DD processes developed following consultation/advise from University Solicitors (Templates)
• Partnerships with UK private colleges (recruiting International students)
• Articulation/Progression Agreements – Review of risk assessment – new lighter touch process
• ‘Franchise’ type Partnership in China
• Partnership – Franchise (on-line delivery)
• Arrangements formalized through Contract signed by Vice Chancellor
• We now had the appropriate ‘tools’ to carry out the complete DD process:–
  – Academic
  – Legal & Financial

WHY WERE THERE STILL CHALLENGES?
OPERATIONAL CHALLENGES/ISSUES

• Compatibility of Partner?
  – New processes didn’t fully test our understanding of each other and the way we did things and the way that they did things... ‘Organisational Culture’
  – Partnership investigations & Audit were done (too) quickly to commence operation asap
  – **Partnership Audit Document** developed and implemented in addition to legal, financial and academic DD. - ‘Process’ DD
OPERATIONAL CHALLENGES/ISSUES (2)

• Lack of Strategic direction regarding choice of potential partners
• Internal colleagues lack of understanding of the reason for legal, financial and process DD
  – Academic risks considered low
  – DD seen as ‘un-necessary’
  – Colleagues not following now established processes i.e. trying to ‘fast-track’ the system
• Contention between financial benefits vs. DD & Risk Assessment
  – Refer back to Context – DD becoming increasingly important
OPERATIONAL CHALLENGES/ISSUES (3)

• Communication issues between Faculties and Central support Services
  – Lack of understanding of the impact of different types of partnership on central support services

• Cross cultural issues & ‘Power balance’ within the Partnerships

• External colleagues lack of understanding of University processes and culture
  – didn’t understand ‘the University way’
REFLECT, REVIEW, MOVE FORWARD...

• PARTNERSHIP DD DEVELOPED IN RESPONSE TO CHANGING PARTNERSHIP ACTIVITY

• LITTLE TIME TO REFLECT, REVIEW, DISCUSS & CHANGE UNIVERSITY PROCESSES AND CULTURE

• EVERY PARTNERSHIP IS DIFFERENT WITH DIFFERENT CHALLENGES & OPPORTUNITIES
PROPOSED CHANGES

• Formal staff development sessions to raise awareness of University requirements for legal, financial and process DD
• Develop a culture of shared ownership for proposals
• Cross-cultural training for colleagues involved in overseas partnerships
• Establish a working group to re-evaluate DD processes to develop ‘buy in’ and ensure all colleagues follow procedures
OUTCOMES & BENEFITS

• Changed Organisational Culture leading to positive engagement in DD processes
• Improved DD to fully encompass legal, financial and process aspects alongside Academic DD
• Rigorous but more flexible acceptance of different evidence to support fulfilment of DD
• Confidence across all areas of the University that Partnership DD is a necessary but effective way of completing a risk analysis of potential partners
SUMMARY & CONCLUSION

• INTERESTING JOURNEY
• FAST & FURIOUS INTRODUCTION TO INTERNATIONALIZATION
• HIGHS & LOWS
• SIGNIFICANT ACHIEVEMENTS
• DYNAMIC ENVIRONMENT, CONTINUOUS CHANGE, REFLECTION, LEARNING, ACTION...
• HOLD ON TIGHT, ENJOY THE RIDE!
REFERENCES

