

“CULTURAL INTERFACE BETWEEN INSTITUTIONAL AND COMMERCIAL PARTNERS”

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Abstract

Arguably Central Queensland University (CQU) has been one of the most successful universities in Australia to rise to the challenge by the federal government to establish fee-based programs as a significant part of its operations. It has done this, substantially, by establishing a relationship with a commercial partner, Campus Group Holdings (CGH). The two partners then established a third entity, C Management Services (CMS), managed by CGH and being paid fees for this. CMS is governed by a board with equal representation of both CQU and CGH, bringing together two partners, each with a different focus but working towards a common enterprise. The partnership has been successful for a variety of reasons, many with parallels to a successful personal relationship. The reasons for success of the partnership are explored.

Commercial mergers have mixed success and mergers involving tertiary providers provide special challenges, especially given the cultural differences between a university and a commercial organization. Bogan and Symmers (2001) argue that lessons learned from their experience with commercial mergers have included the need to support the creation of added value through a multiphase, structured process, integration of cultures and the targeting of cost reduction, operational integrations and accelerated growth. Of these, they believed the integration of cultures to be the most difficult dimension. They recorded great risks in mergers and acquisitions if not handled properly. These include, for industry, fall in shareholder value, fall in productivity, leadership attrition and drop in employee satisfaction. Some of these problems arose, the authors note, due to the pressures to consolidate or the need for a defensive merger.

In Australia mergers between universities became common in the 80s, in response to Federal Government (Dawkins) pressure to amalgamate. These included combinations of mergers between former CAEs, TAFEs and traditional universities. Universities have traditionally has associations with industry and the pressures for such associations increased over the 1990s. Taylor , writing in a British context, proposed that, in an era of decreasing public funding of universities globally, the key challenges are globalisation, commercialisation and the increasing availability and capacities of information technologies (Taylor, 1998). Australian universities are now in a phase of higher involvement in international education, including greater public private partnering (Gallagher, 2002). The evolution of CQU to its present state reflects its responsiveness to the demands of governments, regional needs and global demands.

CQU is a regional university based at Rockhampton and with four satellite campuses in Central Queensland. It also provides programs by Distance Education and has a joint venture with Hartford in running 2 campuses in South East Asia, one in Hong Kong and the other in Singapore, and a further venture in Hong Kong, with Hong Kong College of Technology.

C Management Services (CMS) was established by a private company, Campus Group Holdings, in 1996, at a time of reductions in the level of real funding per student and a focus on federal government cost-cutting. CMS is now jointly owned by CQU and CGH. It runs five international campuses. These include the Australian International Campuses (AICs), exclusively for fee-paying students, most of these international, at Sydney, Melbourne, Gold Coast and Brisbane. There is a fifth campus run directly by CGH at Fiji. Together the combined students from these five international campuses account for just under half the total student body for CQU.

The partnership has been an outstanding success, yet the road has not been easy and the relationship is constantly evolving as we gain experience and as the environment in which we operate changes.

While all students at CQU undertake the same programs, to the same standards and using the same materials, there are distinct differences in management of the traditional university campuses and the campuses managed by the commercial partner.

The differences are and have been found to be significant and have created both synergies and tensions that, we believe, have contributed to creative decisions since they have tended to force the parties to fully explore the implications of their independent and joint decision-making. This has been assisted by the extensive experience of both partners in their own spheres, close operational integration, and management by a small Board with representatives of both parties. This Board has been able to make executive decisions not bound by the traditional approaches typically used by either academe or by the commercial world alone. It has also meant that the direction taken has been strongly governed and controlled. This has inevitably meant that both parties must be both flexible to the needs of the other party and true to their respective missions to satisfy the needs of the shared enterprise. At the same time there are issues about which there can be no flexibility, for example the maintenance of academic standards and the use of quality assurance mechanisms.

The relationship has posed significant challenges to each party, and especially when environmental issues have created challenges and uncertainties.

Both partners are committed to the commercial success of the venture and to maintenance of the standing of the university and its products, on which continued commercial success depends, but they bring different strengths and orientations to the relationship. CQU brought intellectual capital, standing as an existing tertiary education provider, established programs and systems for maintaining their quality, and skills in managing remote students and campuses. CGH brought a commercial vision, business experience and drive, a clear understanding of the broader market, flexibility and agility, and a bottom line focus.

The early form of the relationship was the formation of the Australian International Campuses (AICs), initially in Sydney and subsequently in Melbourne, Brisbane and the

Gold Coast. The determination, at the time and under the leadership of the then Vice-Chancellor, Professor Jeff Wilson, was to establish 'integrated campuses' based on the CQU experience in Central Queensland. Subsequently a new entity, C Management Services, was established to manage the AICs and the orientation at this time, promoted by the Vice Chancellor, Professor Lachlan Chipman, was one of 'globalisation and massification'. Now CMS is well established and well integrated with CQU the approach promoted by the current Vice-Chancellor, Professor Glenys Hancock, is for 'one university', reinforcing the need for common values, policies and standards in dealings with students across all CQU campuses and modes of delivery.

The achievement of a "happy marriage" has not been easy, as the model was novel and the cultural changes demanded were great, especially for a regional university, albeit one which had experience with its own network of satellite regional campuses and as a Distance Education provider. The common interests of both parties were clear – the commercial success of the venture and the maintenance and enhancement of the standing of CQU as a tertiary provider in both national and international forums. This has been achieved by a unity of purpose and a high level of cooperation, while maintaining the separate identities of each of the two partners. While we work towards one university in terms of a common curriculum, standards and student experience on each campus and mode of the wider university, it was important that each partner maintained their separate identity.

Each started with different business systems, though these have become progressively more aligned with time. The introduction of PeopleSoft by the university was a major factor in alignment of systems as was the progressive strengthening of CMS quality assurance systems. There is close liaison between CMS and CQU in ensuring that the systems work seamlessly, with each party informing the other often with adoption of use of systems within the university at the suggestion of CMS.

A major difference between CQU and CMS is that the AIC campuses run by CMS are almost exclusively populated by international students, whereas the main campus at Rockhampton, its satellite campuses and distance education mode students are predominantly Australian students. Of necessity staff are employed separately by each partner, and there are separate Enterprise Bargaining Agreements (EBAs). There has been significant impact on academic staff at CQU in the management of delivery of courses on multiple sites (Tickle et al, 2003) and academic staff on the CMS campuses also have a different teaching role to that on traditional campuses. The clear focus of academic staff on AICs is on teaching and they are employed to teach in each of the three terms in a calendar year, the latter providing significant benefits for students wishing to commence their programs at different points in the year or accelerate the pace of their studies or have the opportunity to repeat failed courses and maintain the momentum of their studies. Each partner has separate ISO certification which is both a difference and a common feature contributing to the success of the partnership including the meshing of business systems.

We are now in a phase of strong consolidation of our business systems. One author (Anonymous, 1997) claimed that the cause of most failed mergers was a failure to follow through and to neglect the 'complex business of blending all the systems, informal processes and cultures that make the merging firms tick'(p. 57). The progressive alignment of our systems, each ISO certified, has been a strong feature of the relationship in its current phase.

Tensions between the partners have arisen where there have been perceptions, at times, that the commercial thrust could be at the expense of the academic standing of the university on the one hand, and that the university may not always be aware of the commercial implications of the traditional ways of proceeding. These issues have always been addressed directly and honestly and resolved. It has become easier as each partner gains a better understanding of the other and as the sector as a whole has had to address commercial realities.

Parallels could be drawn between the partnership between CGH and CQU and what could be sensibly promoted as the elements of a model relationship such as a successful marriage. From our perspective these include: meeting each partner's independent needs and maintenance of their separate identities, shared responsibility for the partnership and a degree of interdependence, good communication and a high degree of transparency, creative approaches to sustaining and growing the relationship and finally, a learning partnership.

The success of the partnership to date is a reflection of our acceptance of these general needs and the fact that each partner has brought complementary strengths – CGH a depth of knowledge of the tertiary education sector and CQU the ability to work with its satellite campuses and the distance education mode, plus a preparedness to commit to an entrepreneurial venture. In this sense the remote location of CQU was not a disadvantage, but an advantage in that it had developed experience in establishing systems for communication with remote partners, vital for the business relationship with CGH as well as its own international operations and international marketing. It also served to maintain the separate identity of the two partners.

The partnership will continue to flourish in the face of increasing competition and global environment vagaries because of our joint commitment, experience and flexibility. The new entity, CMS is the result of a synergy between the partners and the gains achieved and both would agree could not have been achieved by either party independently.

References

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