

How Can Australian Universities Improve Their Commercial Engagements?

As the Australian higher education sector faces a [\\$2.8 billion budget cut](#) from the Federal Government, universities across the country are increasing their efforts in finding alternative funding sources. Over the last 5 years, institutions have focused their marketing resources on developing sophisticated branding, marketing, and student engagement programs to improve enrolment and retention rates. These efforts have helped increased brand awareness and funding, however, there is another market that can provide a multitude of benefits to Universities, if given the right focus and investment - the commercial sector.

In our 20 years' experience of delivering business solutions to the education sector, we at [ECLEVA](#) have encountered various institutions who lost millions of dollars in revenue due to inefficient commercial engagement practices. And it is not just the institutions that lose opportunities. Students are often adversely affected by poor commercial engagement through a lack of job placements, scholarships, internships and alignment of curriculum to employability skills. Interestingly, most Universities do not even know that they have poor commercial business practices. It usually takes the investigation of a single adverse event for the problem to be discovered.

In this article, we explore the importance of focusing on commercial engagement, cite real examples of clients we have worked with, and offer best practice advice on how Universities can significantly improve their commercial engagement and reap not only additional revenue, but also provide more opportunities for academic staff and students.

The Value of Commercial Engagements

When analysing the revenue sources that Universities generate in a single year, Commercial engagement generates 33% or over \$10 billion of revenue across the entire higher education sector.

University Commercial Partnerships and funding sources



⚙️ Thought Leadership Article

Client: ECLEVA Education

Industry: Education

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**\$10bn
worth of
Commercial
Engagement
per annum in
AU Universities**

This revenue is generated via engagement with commercial clients, public sector clients, International Institutes, International Agents and other education providers. The services includes:

- Consulting
- Customised training
- International Agent Recruitment
- Consulting Professional Development (CPD)
- Scholarships (corporate sponsorships, employee agreements)
- Sponsorship (equipment or money to train students e.g. Microsoft providing tools to students)
- Co-Delivery or Matriculation Agreements
- Internships, Placements or Projects
- Research Grants

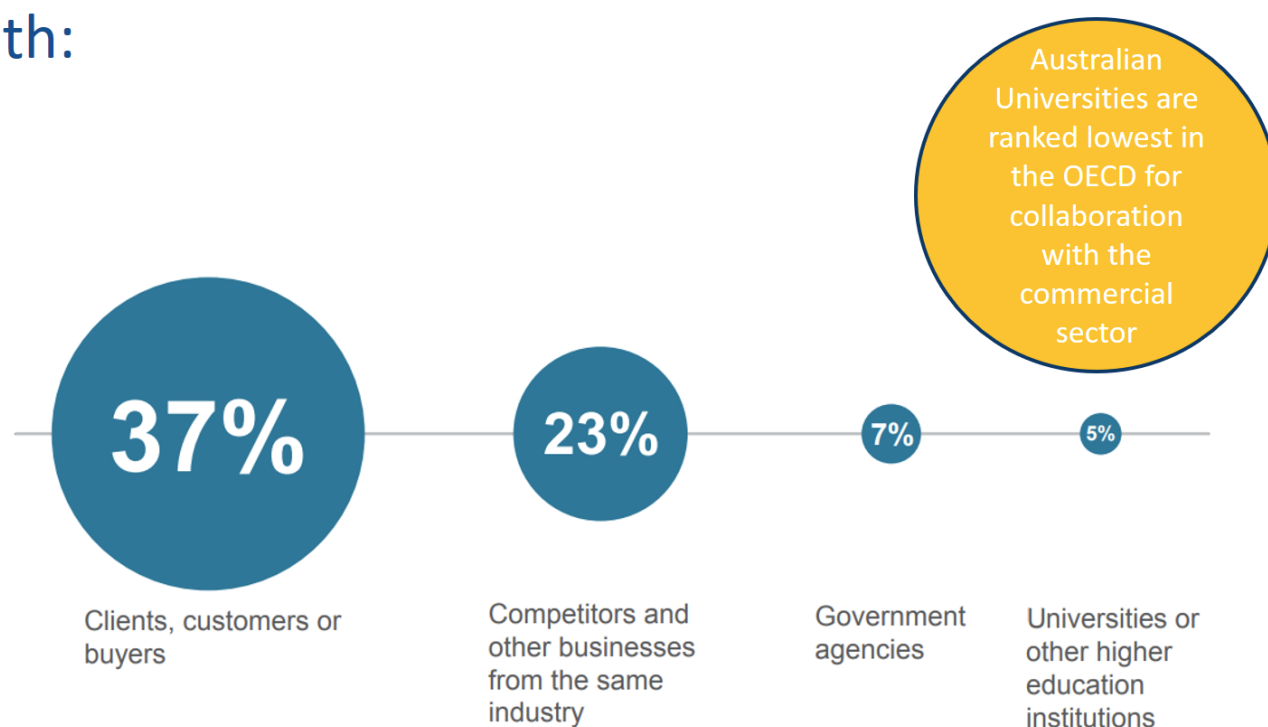
\$10 billion is almost the total annual revenue generated by the 7 largest Australian Universities. The commercial sector is hungry for competitive advantage and sees innovation and research as a key differentiator.

Based on the findings from the [2016 Australian Innovation System Report](#), 45% of all Australian companies invested in innovation and research. This investment equates to \$26 billion to \$30 billion per annum. \$30 billion is similar in size to the revenue generated by the entire Higher Education (HE) sector.

Organisations that invest in innovation and research are 40% more likely to increase their profitability and employ more staff.

However, only 5% of companies are selecting Universities as their innovation and research partner. This is the lowest ranking in the Organisation for Economic Co-operation and Development (OECD) for commercial sector engagement with Universities.

Share of “Innovation-active” businesses collaborating with:



Australian Universities have an opportunity to get a greater share of the \$30 billion revenue, a small increase of 5% equates to an additional \$1.5 billion in funding for the sector.

A successful commercial engagement with these innovative companies not only increases funding, but also opens up opportunities for R&D, improvements in facilities, and better employment.

Understanding Current Challenges

In working with over 20 educational institutions, we’ve discovered 3 main challenges that Universities face in managing effective commercial engagements. These challenges have far reaching implications beyond just missed opportunities for the University. In extreme cases, these issues can significantly tarnish a University’s reputation, or worse, rob students of learning and job placement opportunities. The challenges usually fall into one or more of the following areas: People, Processes or Technology.



**\$26 - \$30bn
Innovation
Investment
in Australia**



%5

**Total
Innovating
Companies
working with
Universities**

1. People: Poorly Defined Roles and Responsibilities, Wrong Skills in The Wrong Role

Most of the employees who handle their University's commercial partnerships come from an academic background. As such, they tend to focus on what the faculty or the institution can provide, rather than seeking to understand what are the commercial clients' needs and how the University can best meet those needs. Additionally, only a single person is usually responsible for the client coordination within a faculty or University department/office and this creates a key person dependency. If that person leaves or unfortunately dissatisfies the commercial client, it becomes difficult to win back those clients.

One of the institutions we worked with contacted us after they lost a major opportunity with a prominent government agency. The government department was offering the university two \$60,000 per annum scholarships over the duration of the degree to incentivise new graduates to locate to remote regional areas upon graduation.

The scholarship would meet all education costs of the students, including accommodation. Aside from aiding well-deserving students, the scholarship program provided promising engineers permanent placements within the government department, which was delivering infrastructure programs in remote locations.

The University had an established scholarship program but the staff coordinating with the government department's scholarship program retired, while the officer from the government department switched careers.

No hand over notes were provided to the successors. The University had no system for managing the partnership or documenting the scholarship agreement, agreed outcomes and selection criteria.

Both positions were filled at the start of the new year, but the University staff was not informed that there was an existing scholarship program with the government agency.

The new manager from the government agency contacted the University and asked for the short list of scholarship recipients, and was met by an incredulous employee who was not aware that the program even existed. The government agency was so disappointed that it made the decision to switch universities.

2. Siloed Processes

The siloed nature of faculties and funding offices in Universities means that commercial clients need to deal with different departments, each with their own disparate systems and processes.

Departments or faculties within the same institution may also have competing agendas and do not look at external relationships holistically.

We encountered an instance wherein the University's Faculty of Business had an existing partnership with one of Australia's top four banks. The agreement was that the bank would provide several internship positions to graduates.

Separately, the institution's Faculty of Law approached the same bank to seek a similar-natured partnership for their graduates, unaware that another faculty was already working with the same client.

The bank could only provide a set number of intern positions to the University and they assumed that both faculties had agreed to share the limited internship positions between themselves. However, that was not the case.

This caused an internal political storm that soured the relationship between the University and the client. Students were also caught in the middle as they were promised various opportunities, but only a few came to fruition.



Improve Commercial Engagements by:

-  **Enhancing People's Skills**
-  **Implementing Agreed Processes and Standards**
-  **Utilising Technology**

Another case was that of a wealthy entrepreneur who planned to donate \$300,000 for cancer research to one of the top 8 Universities.

He contacted one of the universities, but the person who oversaw the unit was on a 3 month leave of absence and so no one called him back.

He tried several times over a 3-month period, but ended with the same result as the faculty was lacking the proper business process to ensure continuity of service when someone went on a leave of absence.

The entrepreneur decided to donate the funds to a medical research institute instead.

3. Underutilising Technology

Without a business system, it is difficult for Universities to optimise commercial engagement processes, create detailed reports, document transactions with commercial partners, and even monitor the success of the commercial engagement.

A Further Education Institute that we've worked with did not have a single, shared Customer Relationship Management system across its 11 campuses. Each campus had their own disparate business processes and systems, making it difficult to communicate and share data.

External clients were often approached by different people from the same institute and found themselves repeating their requirements frequently.

What was even more remarkable was that when we implemented a new system across the 11 campuses to help them manage their commercial partnerships end to end, it was discovered that 70% of the work they were providing to external clients was not being invoiced. This equated to \$700,000 per annum.

In another case, a Further Institute and a University worked for months on developing a matriculation agreement so students could study one year at TAFE, and then receive credits when they enrolled in the University's Bachelor of Business degree course.

Students were enticed by this program and it increased enrolment in the associated degree. However, the staff who initially negotiated the matriculation agreement changed and with no formal system or business process in place to manage the contracts, the paperwork was lost.

Students were not able to transfer their credits successfully and it took several weeks to resolve the issue. This naturally caused great frustration for all parties involved, reputational damage for both Institutes and unnecessary stress on the students.

Benefits of Strong Commercial Engagement

The benefits of building a well-articulated and disciplined framework for managing commercial clients are many:

- One well-managed opportunity within the corporate sector will lead to more opportunities being explored with the University. For instance, internship programs can lead to research grants which can lead to consulting opportunities and so on.
- Get a clear picture of the value of commercial engagement by faculties, business units or by the entire University. Make better and more informed decisions
- More opportunities not only drive more funding, but also the development of symbiotic partnerships that can derive value on multiple fronts for both the University and the commercial client
- The alignment between commercial relationships and the university will ultimately evolve to better curriculum development, increasing student employability.



Benefits of Commercial Engagement:

- ⚙️ **More Opportunities**
- ⚙️ **Increased Funding**
- ⚙️ **Better Partnerships**
- ⚙️ **Better Student Outcomes**



Enhancing the University's Commercial Engagement Model

So where should a University start?

It starts with firstly, understanding that there are three key differences between dealing directly with students as a customer (B2C) and dealing with commercial clients (B2B):

1. In B2C, the purchasing process is simpler because the transaction only takes a single step and it only involves one decision-maker, which is the student. The B2B partnership is different in the sense that the relationship is more matrix like – i.e.: multiple stakeholders within a university will be dealing with several stakeholders within a commercial client side; all with different needs.
2. The needs of commercial clients are different and more varied than the needs of students. For students, it can be access to digital learning resources, financial aid, or internship opportunities. Commercial clients, meanwhile, need to generate sales, stay financially stable, and be several steps ahead of their competitors through their engagement with the University.
3. Managing milestones is also different in B2B engagements because it is rarely linear. Clients may decide to proceed with the next stage, remain where they are, go back to a previous phase, or simply abandon the process at any point. To manage this, a University needs to be aware when decisions are going to be made, which individuals are going to make them and what are the drivers of choice (e.g. competitors, return of investment, and market conditions).

Secondly, the University needs to develop its commercial engagement vision and objectives and select which faculty or office is going to be the first to develop a more focused commercial engagement model.

Thirdly, once the team and right people are selected, it will come down to developing business processes and selecting or enhancing existing business systems to help staff capture, track, and manage the end to end aspects of a commercial engagement.

ECLEVA's 3 Step Commercial Partnership Model

Having worked with over 20 Education Institutes over two decades, ECLEVA understands that Commercial Relationships are often managed in silos within a University and the ability to drive change on a large scale is challenging given that building commercial partnerships is a completely different practice to providing education services.

What has worked most effectively in our experience is an agile approach that helps Universities build out their commercial partnership capability in a controlled and minimally disruptive way.



⚙️ **Focus on Commercial Engagement**

⚙️ **Define Strategy and Objectives**

⚙️ **Define Your Teams**

STEP 1: Validate

In this phase, we help Universities develop their commercial engagement strategy, identify which commercial clients should be targeted, which teams within the University should be prioritised based on the value of the services they can provide and lastly, help determine your focus. Key questions like; How does your commercial engagement strategy align with the University's strategy, what's the revenue target, which team delivers which service, where should we focus our efforts....

Once this is done, it is important to identify key personas within the target clients. Within one client, there may be several personas like the Chief Economist wanting to develop forecasting models, internship programs managed by HR, CPD managed by the Learning and Development Teams, or the Diversity department that may be managing programs like the Aboriginal grants. The persona development should help identify the needs of each client department, what decisions they need to make and how much value they'll get from a strong relationship with the University.

STEP 2: Learn

Start with one team (Faculty/Business Unit) that will deliver the quickest and most valuable results. Then focus on the followin;

1. **People** – develop the skills needed within your people for commercial engagement like being detail-oriented, understanding and valuing Customer Relationship Management (CRM) tools, and problem solving, among others. These skills were needed with the scholarship example discussed earlier to ensure the agreement details were captured properly enabling other people to continue managing the relationship if personnel changed.
2. **Processes** – Design a common set of business engagement rules and processes that all team members can use.
3. **Technology** – [select a technology partner](#) that will help you develop the right business solution, systemise and automate the identified business processes to help deliver your targeted revenue results within the context of your University's broader Commercial Engagement, Business and IT Strategies. Elapsed implementation time to first production deployment should be as short as possible – a maximum of two months.

STEP 3: Leverage

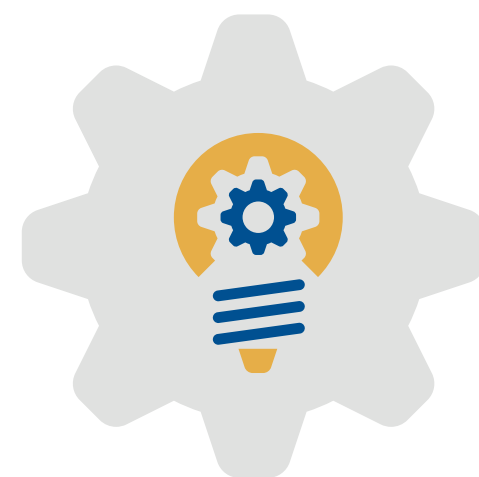
Once one team is practicing a new way of working, choose the next team to work on and roll out the similar approach. The right technology partner will ensure interdependencies between the teams is built into the business processes and systems and consistency across the University is ultimately achieved. This agile approach minimises team disruption, allows small teams to be involved in improving their practices which will lead to greater adoption of new practices and creates advocates to inspire other teams to embrace change and best practices. For more information on the benefits that Institutes are enjoying who have gone through this process please visit [ECLEVA'S resource section](#) on our website.

Conclusion:

Developing a well-articulated and disciplined commercial engagement framework offers a lot of benefits for the students, University, and the commercial partner. A single partnership done successfully can lead to more opportunities. Internships can lead to research grants, consulting projects, employment, and more.

Aside from earning more revenue, commercial engagement can also enhance the student experience and provide a strong value proposition. The alignment between external relationships and the University will ultimately evolve to better curriculum development, increasing the student employability.

Is your University's commercial engagement strategy mature enough to meet your funding goals and maintain quality student experience?



 **Validate your Commercial Engagement Plan**

 **Implement Team by Team**

 **Learn and Redefine**

 **Leverage and Grow**



To learn more about ECLEVA's Student and Commercial Engagement solutions, visit our [education page](#). Or if you have any queries, don't hesitate to [contact us](#).