

# **LAMBERT REVIEW OF BUSINESS-UNIVERSITY COLLABORATION**

## **A view from Bank of Scotland Business Banking**

The views expressed in this paper are given exclusively from the perspective of Bank of Scotland Business Banking. The business model employed by HBOS utilises a divisional structure and it is important to understand, therefore, that other HBOS divisions may have different experiences of university collaboration and, consequently, suggestions to offer the review.

### **1. Examples of BoS Business Banking-University collaboration**

There are a number of examples of ways in which we are currently collaborating. Examples include:

- Banking services to universities
- Commissioned consultancy/research (e.g. Women in Business, Credit and Behavioural Scoring)
- Sponsorship (e.g. Hunter Centre for Entrepreneurship at Strathclyde and Edinburgh Technopol at Edinburgh University)
- Work placements for foreign students on Masters Degree course (Edinburgh University)
- Individual senior managers acting as visiting 'tutors' on degree courses
- Provision of Equity Funding for spin-off businesses

However, some of these collaborations have, in reality, simply involved the transfer of funds to the university in question, with little mutual benefit being expected or achieved. Often these arrangements have been established as a result of personal connections and were no more than patronage which have tended not to be renewed.

There are few formal ties with specific universities or educational organisations and, since the Halifax/Bank of Scotland merger, no single division takes ownership for education liaison, hence any collaborations are, generally, organised on a 'local' basis.

### **2. Strengthening relationships – and the potential barriers**

Potential opportunities for strengthening relationships include:

- Recruitment of sponsored MBA students into senior management positions
- Management Development activity collaboration
- Improvement of specific links for graduate recruitment

- Sponsorship of Financial/Banking degree courses
- Sponsorship to universities setting up 'incubator businesses' as part of entrepreneurship degree courses
- Provision of experienced business 'mentors' to assist graduates making the transition into employment
- Sponsorship of MBA/PhD student research/dissertation, providing Bos Business Banking with cost-effective yet potentially valuable information
- Provision of two-way 'location swaps' for examination centres/conference facilities/training venues/internet cafes
- Provision of recruitment/job interview training for students and business managers
- Sponsorship of 'school leavers' through business-related degree courses with a potential job offer on the successful conclusion of the course.

So, huge opportunities exist to develop closer, longer-lasting relationships based on mutual benefit but, as a commercial organisation, BoS Business Banking would need to define the types of benefits it would require from more formal arrangements. Issues of benefit/ownership would, clearly, need to be decided, agreed and contracted prior to commencement. Commercially an agreement could be reached to give BoS Business Banking access to all students and post graduates for marketing purposes, both on a personal and business level, in return for services (some examples of which are above) offered by Business Banking.

As universities are becoming more commercially aware this has started to create opportunities to fund spin-off and early stage development companies, being created as a consequence of university research. However, this probably requires a more structured approach to ensure adequate funding is available, particularly for the early stage funding where it is difficult to raise funds and the project is of insufficient size to interest the Venture Capitalists. A more formal tie-up between universities and the banks could ensure a higher number of new businesses are created.

The main barriers would appear to relate to the complexity of the university 'world' and the difficulty in building long-term relationships with decision makers in key areas. It may be trite to record that universities have not, traditionally, been managed like businesses but it is, nevertheless, significant that universities do not organise themselves, take decisions or rely on earned income in the way that businesses do. This means that not only do they have different priorities, but the culture and motivation for seeking out opportunities to collaborate are very different. Meetings or events organised through local development agencies have, in the past, been experienced as 'talking shops' with insufficient practical output to fully engage business people. Direct, productive relationships, clearly targeted on mutual opportunity/benefit would be far more attractive to the business community. Also, more needs to be done to raise awareness of the importance of management education. Universities should consider consulting more with business in order to ensure that degree and masters courses move from the 'academic' to the 'practical'.

Other barriers currently include:

- Fragmentation of universities and no single body representing them on a national basis
- Even within universities, departmental fragmentation
- Varying levels of acceptance of the need for mutual commercial benefit
- Lack of information about the needs of universities in the short, medium and long term

Commercial reality means that, increasingly, businesses can only develop such collaborations where it is in their interest to do so. The incentives, at present, tend to favour the student/university and the provision of 'tax breaks' in return for businesses supporting education/community needs to be developed/publicised.

The barriers to technology transfer have been well documented and many universities are now very experienced and astute in their dealings, many now having set up technology transfer offices with established sources of finance and professional advice. Universities are international in their reach and more could, and should, be done to exploit local relationships and develop local partnerships and joint ventures rather than exporting knowledge and technology overseas. Local businesses may need more information about the projects and technology that are available within universities. Those who do not have established links, or a tradition of employing graduates, may not know how to access university resources. There has been a noticeable increase recently in the teaching of entrepreneurial skills within universities. This should bear fruit in due course and should be encouraged.

The problems around intellectual property rights are, again, well documented. Universities should be entitled to benefit from the rights they own but they must be realistic about how much they should retain and how it should be valued. Dissemination of best practice in this area should be made a priority as many opportunities are being lost. Many companies are happy to proceed on the basis of licensing rather than a transfer of rights and this is probably 'the way forward' as long as terms and conditions are seen as reasonable and agreed.

### **3. Attracting graduates**

The ability to attract 'the best' graduates is, clearly, dependent on both the job market and the attractiveness of the organisation to graduates, as well as the ability of graduates to secure positions. This being said, Bank of Scotland is about to enter a second year of recruiting graduates specifically for Business Banking. However, graduates joining the programme are not recruited for their 'business banking' skills but for their ability to demonstrate a number of key interpersonal skills and business behaviours.

The ability of universities to prepare students for assessment centres/interviews in which these types of skills are measured will be key to

ensuring students enter the job search market in as prepared a way as possible.

It would be incorrect to say that we, in our first year of Business Banking graduate recruitment, have become aware of any discipline-specific 'gaps', but more that the level of preparedness of students to present themselves in a positive manner, to engage successfully in group debating sessions and to demonstrate an overall enthusiasm for 'business' has generally been at a lower level than that which we would have expected.

Bank of Scotland Business Banking does not specifically recruit science/technology graduates.

It is recognised that, through forging more formal links with universities we could create an opportunity to explain our requirements more clearly and to explore ways in which universities could better prepare graduates to be successful at the point of recruitment.

#### **4. Financial considerations**

The only comment we would wish to make under this heading is that, whilst the research/skills available from universities represent a very attractive proposition to business, the communication of their availability (particularly information regarding R&D tax credits) has been 'low key' and risks having been missed by many businesses.