

DG/RSV

17 April 2003

Lambert Review consultation –
Richard Lambert
Lambert Review of Business-University Collaboration
1 Horse Guards Road
London
SW1A 2HQ

Email: lambert.review@hm-treasury.gsi.gov.uk

Dear Richard Lambert

Lambert Review of Business-University Collaboration

Further to your letter of 5 February inviting contributions to your review of business-university collaboration, I am pleased to respond on behalf of Sheffield Hallam University.

The University interacts with businesses of all shapes and sizes locally, regionally, nationally and internationally. These interactions are diverse in nature, in response to a range of different issues/needs, from the operational to the strategic. This letter draws attention to what I believe to be the key issues regarding effective business-university collaboration. It will inevitably be critical of a number of current developments, but equally it will demonstrate some of the good practice underway at Sheffield Hallam University.

The response is in three sections:

- 1 A comment on some of the challenges for universities in successfully interacting with companies, especially SMEs;
- 2 A comment on the regional dimension of this interaction and the role of the RDAs;
- 3 A brief sketch of some of the types of interaction between Sheffield Hallam University and the business community (a copy of a recent brochure is attached to the hard copy of this letter) and some of the measure we have taken to try to tackle to problems on information, access and responsiveness.

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1 The key challenges

- To state the obvious, there are many reasons why businesses want to interact with HE institutions and, equally, why HE institutions may wish to work with companies. I will not list these but simply observe that the drivers sometimes differ. Part of the trick of successful interaction is where there is a clear match between what is needed and what is provided, in respect of the quality and timeliness, say. This is true equally of the provision of skilled staff, innovation and/or assistance with improving products and processes. In this respect, major barriers to successful interaction relate to problems of information, communication and expectations. Many universities have tried to tackle these issues by providing “one-stop drop-in shops”, innovation centres, access to information about products and services via portals and the employment of “interpreters”, appointments of individuals able to “translate” using the language of both business and academia.
- Universities provide a continuous flow of skilled workers and many work with employers to upskill their existing staff. Many employers will also take an active involvement in helping universities develop and improve their course provision via membership of advisory committees. Nevertheless, there is still a mismatch in expectations with many employers still expecting a degree of “work readiness” which is specific to their organisational needs. This is different from the general level of employability (which has for many years been addressed by mechanisms such as placements and sandwich degree programmes). Universities have focused on general employability skills (although in many cases with a vocational or professional slant) but not necessarily the needs of individual companies. The lack of clarity about the difference between education and training is important here. It remains to be seen whether the Foundation Degrees which Government is keen to see develop will more effectively meet the needs of both employers and employees than the current range of educational qualifications.
- SMEs are a rich source of potential partners for universities but often provide a challenge in securing effective engagement. Many are so focused on survival that they have neither the time nor the energy to overcome the cultural and other barriers and to seek assistance from HE institutions - or other agencies. For many, too, R& D spend is very low. Many are unable to afford the price

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charged by universities for their services and expect that provision to be subsidised. This poses problems for the universities who are seeking to break even at the minimum... any surplus would be a bonus!

- Time and responsiveness: Generalisations are dangerous. However, one of the self-evident barriers to successful interaction is different expectations about time. For many companies seeking assistance/collaborative arrangements, the optimal timescale for completion is typically very short-term. Since for most universities, while business interaction is an important part of their portfolios, it not a mainstream activity on the scale of the other parts of the business (such as teaching and academic research). For many staff on the ground, trying to juggle their respective responsibilities in these core areas and find time to nurture business relationships can be a challenge. For these reason some universities (including this one) have developed a full time role of Business Development Manager, at Faculty level.
- Risk: again, generalisations are dangerous and the arrangements made by different types of HE institution to ensure that the risks associated with this area of activity (especially where the commercialisation of IP is concerned) are appropriately managed will differ. The greatest challenge may be from Boards and Councils given the tension between their corporate governance responsibilities as far as financial prudence is concerned and the drive to encourage entrepreneurialism. Most institutions have put in place structures to ensure that their public obligations are met and to protect their charitable status, so this should not be an insuperable barrier.

2 The regional dimension and the RDAs

- The RDAs are relative newcomers to the regional scene and are still relatively immature organisations. Their establishment presented the regions with a substantial task in building knowledge, understanding and capacity (in respect of economic development and regeneration). Few of them in the early days appointed experts in the field, at officer level. The extent to which they have successfully engaged in an effective partnership with both the HE providers and businesses in their region is highly variable. There have been some notable successes, for example in the North East,

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aided by collaboration and commitment from the universities in their “Knowledge House” framework and in the North West where the Daresbury controversy seems to have catalysed a genuine strategic partnership between the RDA, the universities and the business community. Within the Yorkshire and Humber Region, progress has been much slower. Its initial Skills audit only concentrated on low level skills and it has only recently woken up to the potential offered by the universities in meeting business needs. It has engaged with some limited success with the three “White Rose “ Universities in supporting business creation. This has now begun to change and there are encouraging signs in one of the recent initiatives, designed to establish Centres of Industrial Collaboration.

- RDAs adopt a demand side model to promoting knowledge transfer. As a single approach this is flawed, because in the majority of regions outside London, companies’ spend on R&D is very poor, especially amongst SMEs. This is a particularly the case in Yorkshire and the Humber.¹
- The demand side approach has resulted in the RDA acting as a contracting agency rather than a collaborating partner. It contracts out delivery to an agency which then sub-contracts specialist services out further. Universities are therefore marginalised in that they are mostly capacity building organisations.
- ‘Investing in Innovation’ acknowledged the need to put research on a sustainable basis, and recognised that HMG Departments must increasingly expect to pay nearer to the full costs of much of their research. The same paper suggests, quite rightly in my view, that for business, the nearer the market research is, the fuller the economic cost should be.
- Public agencies supporting the demand side need to develop a more sophisticated view of businesses. In less favoured regions there are strong arguments for public intervention where market failure can be demonstrated. This includes capacity building (eg as far as the science base is concerned). However participating companies would need to make a substantial contribution, as they do through existing schemes such as TCS and SMART.

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¹ The universities play an unusually large part in the science base in Yorkshire and Humber. In no other UK region outside London does such a high proportion (44%) of r & d expenditure take place in universities; in no other region outside London and Scotland is such a low proportion (<50%) accounted for by business. This of course places a particular premium on the effectiveness of links to industry.

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- One well understood mechanism of 'creating' the types of companies which would seek interaction with universities is to move HMG R & D facilities out from the south and east of England. Spin out SME growth along the M4 corridor and around Cambridge is well documented. Although there is some over simplification in many of the analyses, the continuation of policies which consolidate the 'golden triangle' and its 'big science' will make business-HE interaction in the regions even harder, within a diminishing science infrastructure.

3 Business Interaction at Sheffield Hallam University

Sheffield Hallam University has a long tradition of interacting with business. We are a major provider of sandwich education and run the largest Teaching Company Scheme in the north of England. At Sheffield Hallam, TCS is explicitly business-led. Over the last 15 years we have run over 100 TCS programmes in a range of areas from engineering, sports and leisure management to design and the creative industries. We have helped well over 70 regional companies to achieve their strategic goals, reflecting our proximity to market.

More recently, we have stepped up our business-interactions in scale and scope, extending further our research commercialisation activities.

- As Vice-Chancellor, I have always been determined to listen closely to what business has to say, and to ensure the University is responsive to those needs, and does so in a business like fashion. The University's Enterprise Centre responsible for the corporate business-university interface was established in 2001 and acts as our portal to the commercial world. Using people specifically recruited from the private sector and outside the University I see this 'new blood' as the cutting tool of cultural change. We are in the process of appointing a series of business development managers to be placed in each of the University's four Faculties. As direct reports to the Enterprise Centre this will help further inculcate good business practice and management throughout the University in its dealing with business.
- With a significant number of the Board of Governors emanating from the private sector and with an Enterprise Centre Advisory Board dominated by business people I intend that top down, and bottom up, best business practice will prevail throughout the institution.

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- As mentioned at the outset, the University engages with a raft of different companies both for technology transfer and for skills. In the latter our work on computing skills with corporates such as Microsoft, Cisco, SAP and SAS is worthy of particular mention. Other examples of best practice are contained within our booklet 'Creating business value' which I enclose for your information.

Yours sincerely

Professor Diana Green
Vice-Chancellor

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