

10 Tips for Successful Public-Private Partnerships in Higher Education

1 Set realistic expectations – both in terms of timing and outcomes

- Entering into a long-term public-private partnership takes time — give yourself a reasonable window to conduct a strong search process AND time to negotiate your contract. Based upon the experience of others, this can take months, or even years.
- Once the contract is signed, don't expect to flip a switch and see immediate results. All partnerships require significant ramp-up time.
- Finally, when thinking of desired outcomes for your university, be realistic about what is possible through the partnership. Look to peer averages — not exceptional case studies — to be your guide.

2 Engage a broad base of stakeholders from your institution

- There are numerous examples of institutions going through the long process of signing a part-

nership agreement only to find there is no faculty and staff buy-in to execute on the project.

- When commencing the planning for a partnership, engage as many campus stakeholders as possible. Consider forming an advisory committee with faculty, staff, and students. If you run an RFP process, bringing together the right selection and review committee from the outset can help avoid surprises and resistance down the road.

3 Have the right leaders who can be agents of change

- Implementing a significant university partnership may require establishing new business processes across several functional areas. To effectively achieve this, appoint and empower initiative leadership with the credibility to engage the university community, marshal resources, and generate the commitment to make necessary changes.
- Furthermore, the partnership will likely demand dedicated oversight over the term of the agree-

ment. Make sure you assign the role of point person to someone who brings significant project management capability.

4 Reach out to multiple companies and run a competitive selection process

- Whether running a formal RFP process or just an informal search, approach as many potential partners as possible. The landscape of companies changes rapidly and there are likely more options than you think.
- Use this time to familiarize yourself with the financial models available for the partnership and the risks that both the university and the company are taking to make the partnership work.
- Talking to a range of prospective partners will help you understand the nuanced differences between potential partners. It will also provide you with leverage come negotiation time if you have multiple options.

5 Do deep due diligence on potential partners

- Your university is entering into a long-term relationship and you want to make sure that your partner company will be fiscally stable for the duration of the agreement. With an abundance of private capital funding new

ventures serving higher education, it pays to do basic financial due diligence on your potential partner.

- What does the potential partner's balance sheet look like?
- What have been their results with similar institutions?
- Are there any red flags in their history? Have contracts been cancelled? Have they been subject to lawsuits or other regulatory issues?

6 Network with your peers and learn from their experience

- When considering a potential partner, there is no substitute for the recommendation of another college or university.
- Ask your potential partner for a list of references and make the calls. Also, try to talk with one or two institutions that currently work with your partner, but are not on the reference list.

7 Find a cultural fit with a partner, not just the best price

- Partnerships are not just about key terms, such as length of contract and financial terms, but about finding the right cultural fit.
- Selection criteria should be based on an all-inclusive value analysis, with particular emphasis on finding an experienced partner that "fits" with your institution. Ultimately the project's

success will be driven by how well the parties work together.

- These are long-term relationships and the environment and people involved may change during the years of your partnerships. Pick a partner that you believe can evolve and grow with you.

8 Get financial and contractual expertise – understand all the potential risks

- P3s often have very complex contracts (100 pages is not unheard of) with dozens of key variables that could have significant financial, operating, and liability implications.
- Do not depend on a potential partner to provide you with all the financial statements you might need in order to complete a contract. Similarly, do not depend solely on a partner to give you guidance — financial, legal, or otherwise — around the contract.
- Be aware of any contractual liabilities your institution may be incurring should the partnership not perform as planned. Similarly, have contingency plans in place if you need to terminate the partnership early.

9 Clearly define your goals for the partnership

- University leaders need to assess exactly why they are exploring partnership options. Is the partnership about executing on elements of a strategic plan? Adding capabilities or expertise? Are there specific financial targets? The more clear you can be from the start about your motivations, the more likely you can craft a partnership to achieve your desired ends.
- Once you have embarked on a partnership, both parties need a shared vision for what success looks like. This means a detailed business plan, with clearly delineated roles and responsibilities, revenue streams, and key milestones for the term of the agreement.

10 Hold your partner accountable

- It's a marriage—both sides have leverage and should not be shy about speaking up if the relationship is not going according to plan. Ultimately, you and your partner should be flexible and find ways where each can benefit.

“With your institution’s reputation at stake in any of these partnership arrangements, the faculty will care. It pays to involve the faculty early in your process and often. Also, be sure to read the fine print. These can be complicated agreements, but the final responsibility always still rests with the universities.”

—Dr. Belle Wheelan, President, Southern Association of Colleges and Schools Commission on Colleges