

Competition, Collaboration and Mergers

A Case Study in Bringing Together UMIST
and the Victoria University of Manchester

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Overview

- Context: Internal and External Drivers
- Competition and Collaboration
- Project Unity? and Project Unity
- Strategy and Strategic Change
- Strategic Options for Collaboration
- The Vision: Creation, Testing, Ownership
- Key Lesson in Creating Major Organisational Change
- Questions and Discussion

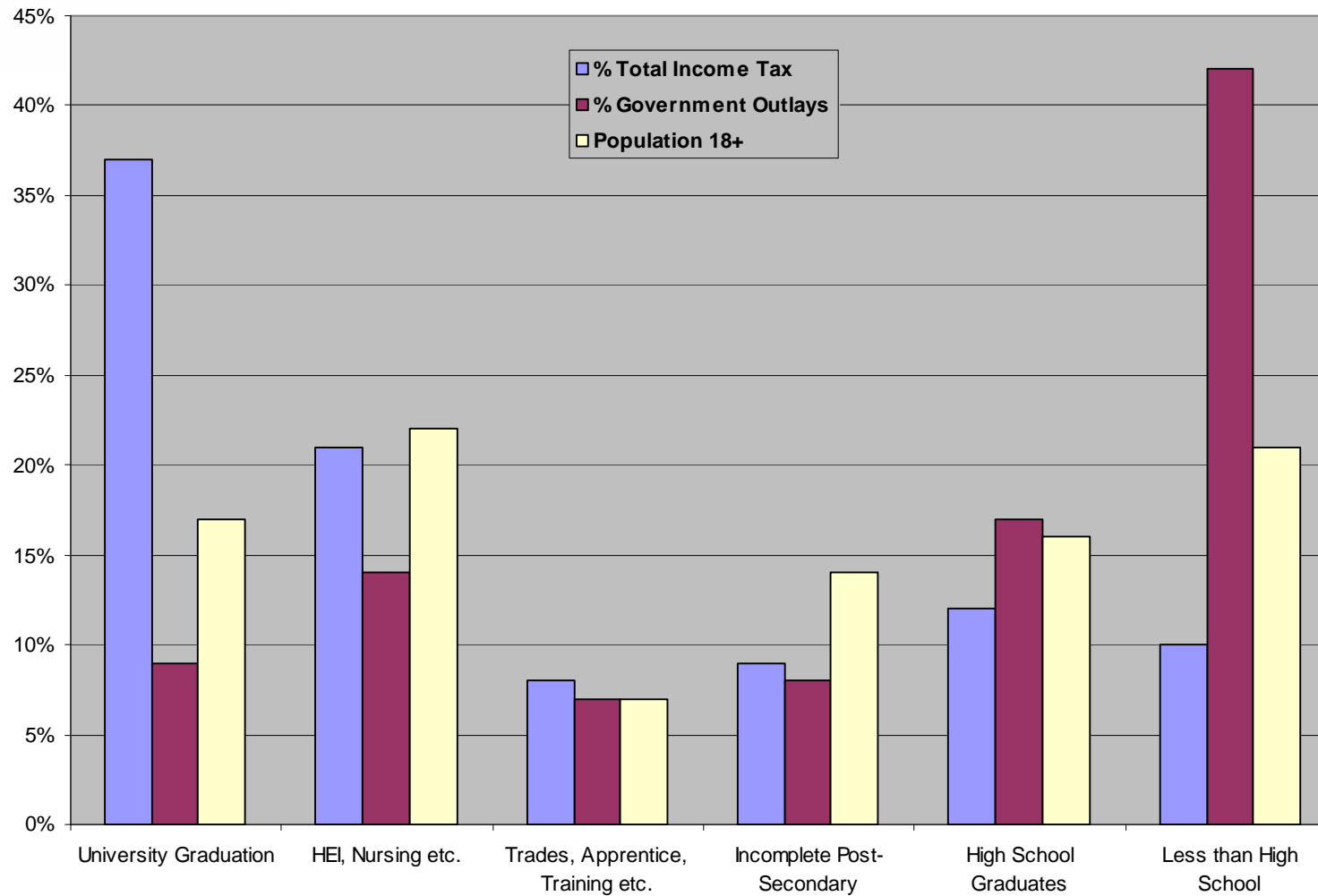
Context: Internal and External Drivers

- **Globalisation**
 - Recognition of education services as a major export
 - Improving HE provision in traditional 'overseas' markets
 - Market penetration by Australia, NZ, USA
 - Adoption of English as the teaching medium
 - Distributed and online delivery

- **Government Policy and Funding**
 - Pro-active role to be played by HE in economic regeneration and welfare improvements
 - Reduction in unit of resource and increased SSRs
 - Commoditisation of UK higher education
 - Feed through from rapid change in primary and secondary education

Taxation Returns on Public Outlays in Canadian Higher Education

Source: Survey of Labour and Income Dynamics, Statistics Canada, 2001



Context: Internal and External Drivers

- **Student-Centric Focus**
 - Student centred learning
 - Students as customers/ consumers
 - Introduction of variable tuition fees
 - The 24/7 culture; education anytime, anywhere

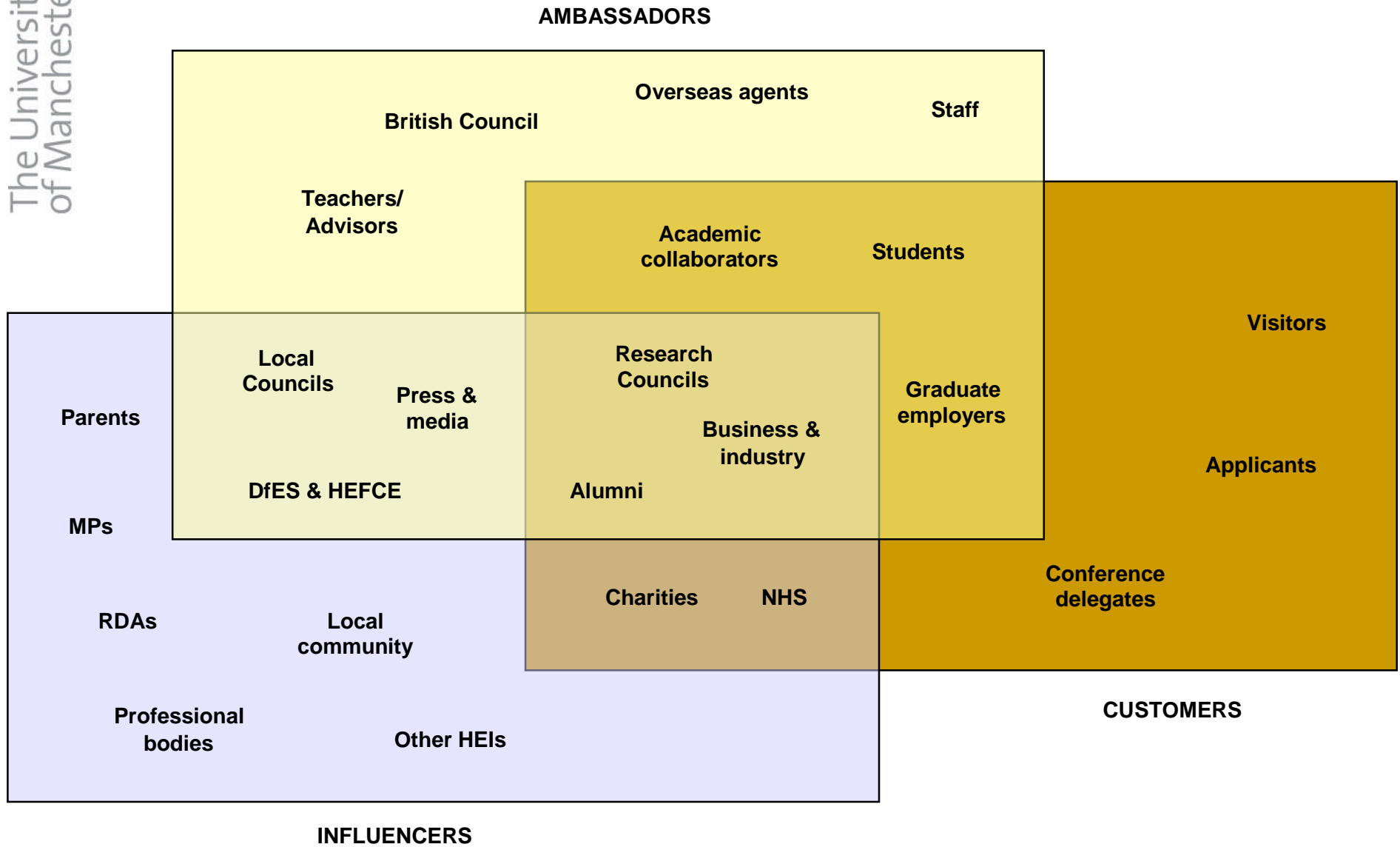
- **Disciplines, Multidisciplinarity, Interdisciplinarity**
 - Discipline boundaries still largely based on 19th century concepts
 - 'Grand challenges' require multi- and inter-disciplinary solutions
 - Many underlying scientific disciplines are expensive

Context: Internal and External Drivers

- **Specialisation**
 - Focus on institutional character and priorities
 - Selectivity in funding
 - Challenges to the comprehensive nature of 'full service' universities

- **Staff expectations**
 - Supporting the best staff

- **Others**
 - Corporate priorities, Community expectations, The rise of corporate universities...



Context: A Failing System

- UK higher education is a fading, if not, failing brand
 - Expensive
 - Slow to respond and inflexible
 - Complex
 - Underperforming...

- References
 - Anthony Sampson *Who Runs This Place?*
 - Jim Collins *From Good To Great*

Context

- “Financial constraints on government support for university research in most OECD countries are unlikely to abate... the trend towards concentration of research capabilities as well as specialisation is likely to persist, as will competition among universities, a phenomenon that will increasingly assume international dimensions and may intensify as the quality of research conducted by universities in non-OECD countries becomes more internationally competitive”

OECD, 1999

Question

- Can our higher education institutions rise to the OECD challenge alone?

NO

- Issues of:
 - resource
 - vision
 - leadership
 - culture change and managing out the legacy

The Manchester Context

- Universities
 - Manchester (VUM)
 - UMIST
 - Manchester Metropolitan
 - Salford
 - Others.... Liverpool, Lancaster, UCLAN, Bolton

- Strong city and growing regional identity
 - Successful city regeneration after IRA bomb, 2002 C.Games...

- Need for a northern economic growth pole

A Shared History

- VUM and UMIST independent legal entities
- UMIST obtained degree awarding powers in 1990s
- Shared operations
 - Joint Material Sciences Department
 - Joint programmes
 - Federal School of Business and Management
 - Transfer of Civil Engineering to UMIST
 - Joint accommodation and careers services
 - Joint submissions for JIF, SRIF and large-scale infrastructure
- Geographical co-location
- A very confused brand!

Manchester's Response: Changing Context, The OECD Question...

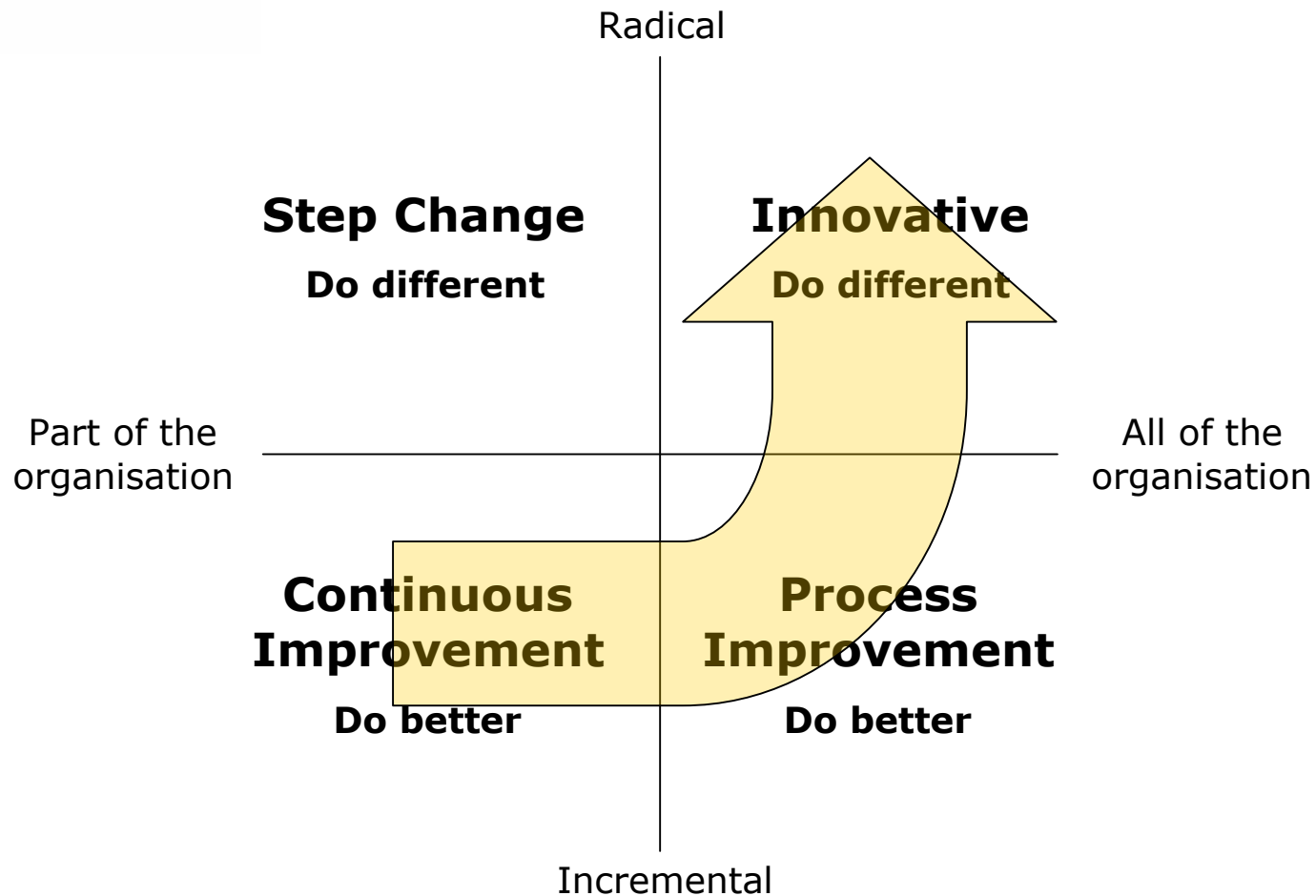
- "To examine ways in which UMIST and The Victoria University of Manchester can work together

*to achieve world class standing in research,
scholarship and teaching across a broad range of
academic disciplines"*

Options for Change

	Individuals or Institution	Central management structure	Strategic	Benefits/ Risk
Grassroot Collaboration	Individuals	No	No	Limited/ Low
Joint ventures	Individuals	No	No	Modest/ Medium
Trading operations	Institution	No	Partial	Modest/ Low-Medium
Federal arrangements	Institution	Semi	Partial	Modest/ Low
Full integration	Institution	Yes	Yes	Significant/ High

Nature of the Strategic Option



Strategy and Strategic Change

- Concerns making a step change
 - Driven by a vision and goal

- Not an implementation plan
 - Phase approach to implementation, requiring flexibility and responsiveness

- Multiple stakeholders with conflicting factors and demands

- Long timescales, significant resource implications, increased workload

Project Unity?

- The strategic response of VUM and UMIST to the changing higher education environment
 - Coming together as equal partners
 - Not a merger but a double dissolution

- To enable us
 - To compete on a worldwide-basis for staff, students and resources
 - To be fit for purpose as a modern university in the 21st century
 - To make a step change in performance

What were the Perceived Benefits?

- **Complementarity of activities**
 - Close proximity has caused many common disciplines areas to differentiate themselves- hence complementarity
 - Creation of critical mass, especially in science and engineering
- **Restructuring**
 - Allows distinction between management of teaching and management of research
 - Revisit traditional disciplinary boundaries
 - Create a more supportive administrative structure
- **Other**
 - Efficient use of resources
 - Bringing together of two strong, but sometimes confused, brands

Key Stages

0	Developing the Vision- Sharing and Owning	10.2001 - 2.2002
1	Due Diligence and Commitment	4.2002 - 3.2003
2	Transition and Implementation	4.2003 - 9.2004
Point of merger		
3	Consolidation and Growth	10.2004 - 2015

Phase 0: The Vision

- Can you explain the vision in simple terms?
- Is there ownership of the goal?
 - Leadership from the top
 - Multiple stakeholders
- Can you measure the achievement of the goal?
 - Tangible interim benefits and significant milestones
- Is there a clear, phased approach to achieving the goal?
 - Providing stage-limited certainty

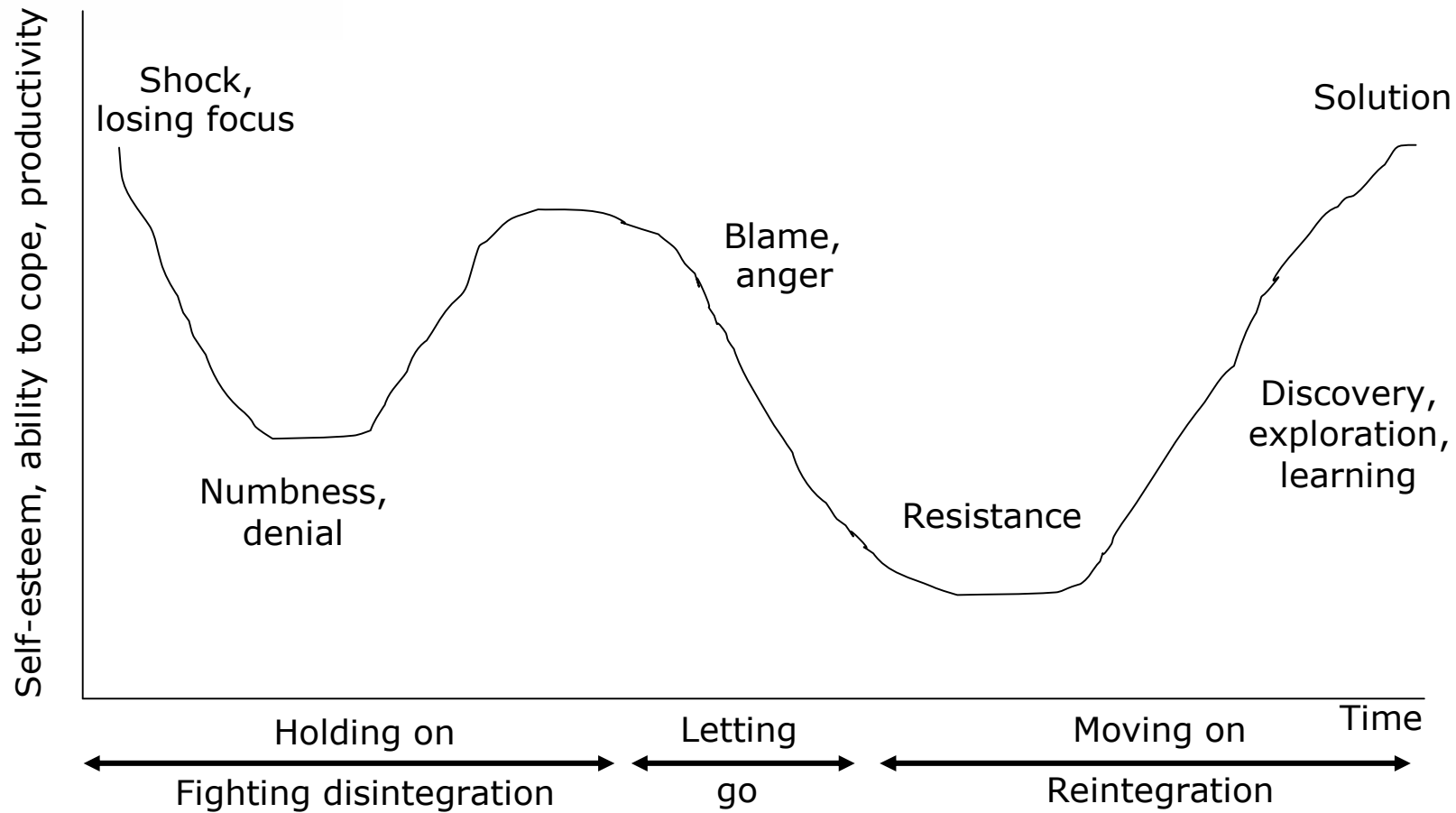
Response to The Vision

What reactions would you expect from the recommendation of the Joint Working Group?

Response to The Vision

- Great vision!
- What is your expertise in delivering the vision?
- Can you finish what you start?
- How is this project different to thousands of others like it that have failed?
- “Do it, but do it in 3 months” v “Do it, but it’ll take at least 5 years”
- There are benefits, but there are also losses; which are the greater?
- This is all win for the other party and our expense!
- You expect us to fall on our swords

Stakeholder Reaction- Changing Over Time

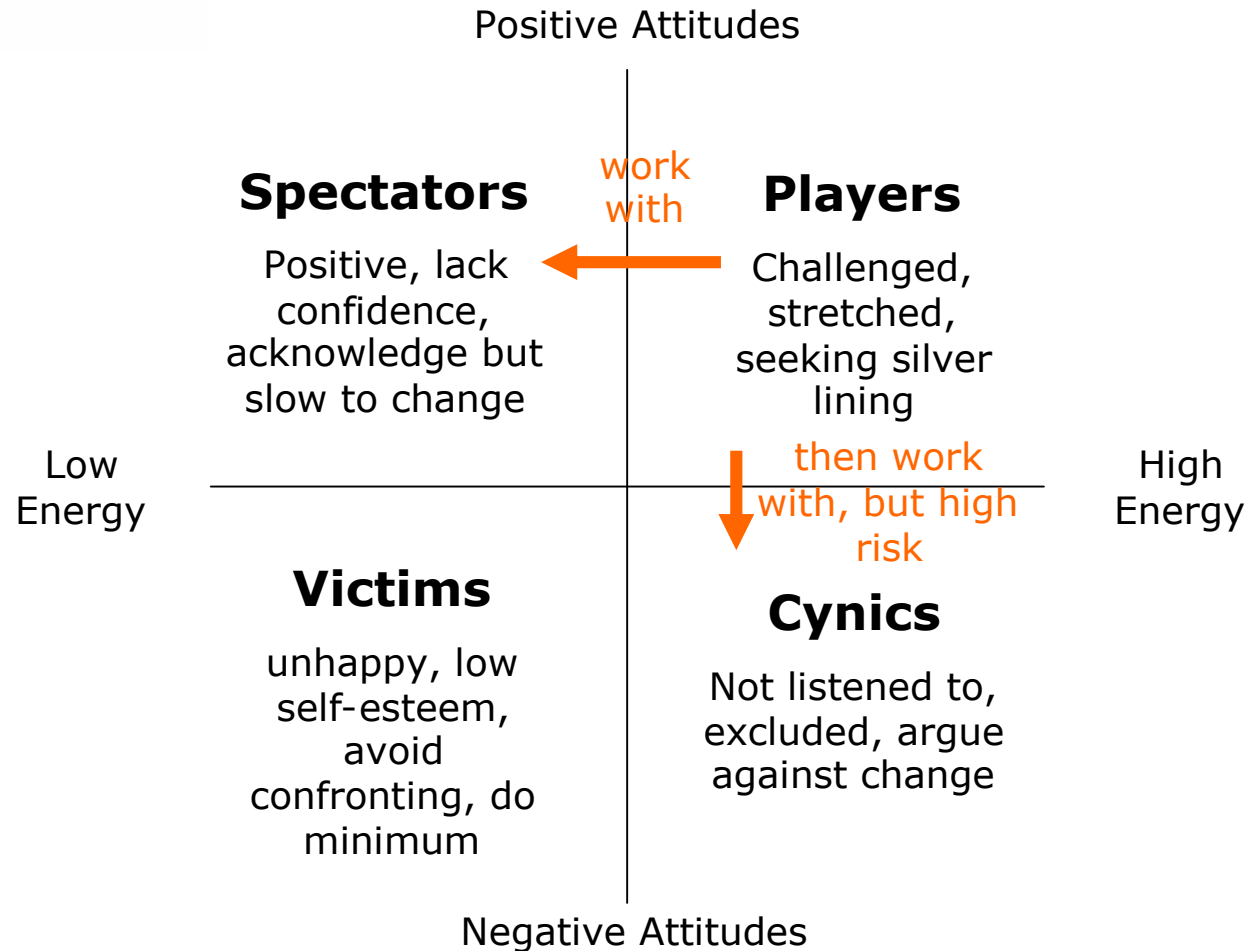


Phase 1: Due Diligence and Ownership- Testing the Vision

- Can you finish what you start?
 - Show-stoppers → Risk management
 - Roadmap, Resources, Time
 - Do the disadvantages outweigh the benefits?

- Nature of the strategy process
 - Being clear about the outcome
 - E.g. new Charter and Statutes
 - Test the outcome and mechanisms to achieve the outcome
 - Be prepared to give way on 'secondary' issues

Managing Stakeholders



Phase 1: Due Diligence and Ownership- Internal Stakeholders

- Achieving “Buy In”: a key challenge
 - Special circumstances arising from top leadership
 - Differences in approach at UMIST and Manchester

- Communications strategy
 - Written briefing notes, Newsletters, Open meetings, Consultations
 - Reference Groups

- Engagement
 - Currently 90 formal working groups involving 500+ staff, students and lay-members

- Transparency

Transparency

What are the major advantages and disadvantages of adopting a policy of transparency?

Can you think of circumstances where transparency should not be applied?

Phase 1: Due Diligence and Ownership- External Stakeholders

- Ensure support of key external stakeholders
 - DfES, HEFCE, OST, MPs, NWDA, Office of the DPM, Treasury, City Council, Business/Industry

- Need for a consistent message from external stakeholders
 - Usefulness of the external view and/or constraints

- Need to ensure alignment with 'policy'
 - In return for resources

Phase 1: Due Diligence and Ownership- Risk Management Approach

- HEFCE Guide to Risk Management 01/28 (May 2001)
 - More useful than it first appears!
 - Goes further than standard SWOT analysis

- Output of Due Diligence phase

- Ensuring focus on the critical issues
 - Need to avoid distraction of 'secondary issues'

- Important to embed risk management as part of the overall management process

Phase 1: Due Diligence and Ownership- Outcomes

- **Outputs: a series of joint reports**
 - Academic structures, Estates, Finance, HR, Administrative and Legal Issues, Communication
 - Also required a UMIST-only report

- **Sign-off and commitment to principle**
 - By Court, Council, Senate
 - Funding bodies: HEFCE, NWDA, OST
 - Issue of readiness of external organisations to embrace the vision!

- **Point of no return**

Phase 1: Due Diligence and Ownership- An Interesting Twist?

- UMIST Council insisted that this was not a merger
 - but a double dissolution
 - and the creation of a new entity

- Structures and processes to be created as 'fit for purpose'
 - Not automatic inheritance of legacy structures

- Both Councils unintentionally had committed to the final phase of the project (phase 3)

Change Management Risks

What are the biggest generic risks in the transition and implementation phase of a strategically important project?

How might you mitigate these risks?

Business As Usual!



Phase 2: Transition- Change Management Risks

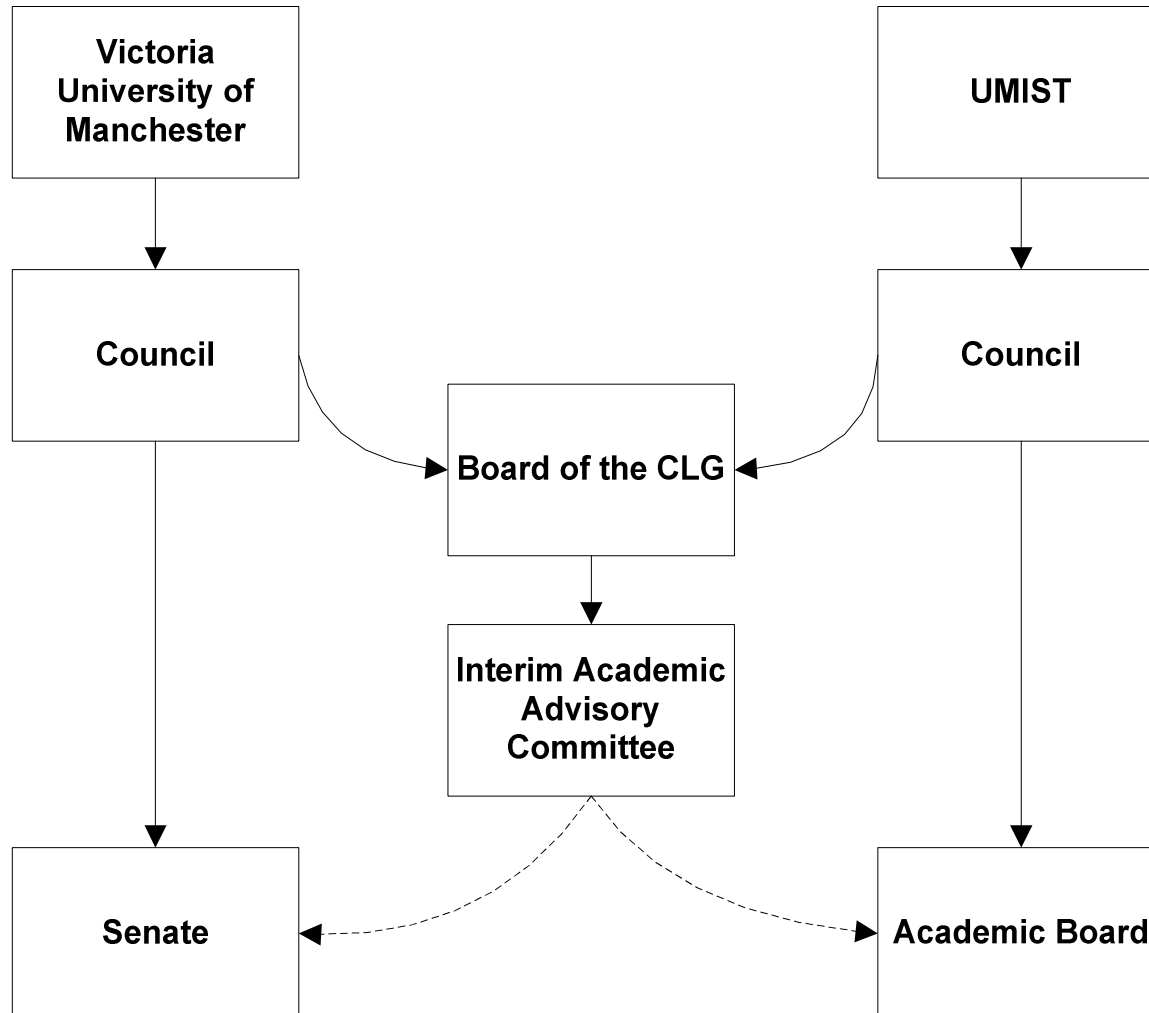
- The problem of “business as usual” during periods of significant change
 - Need to focus on the future, but not at the expense of the present
 - Governance and management, responsibility and authority

- Solution
 - Get the right people and build a strong project management team
 - Creation of parallel structures
 - Politics of dissolution and transition
 - Problem of personnel and workload

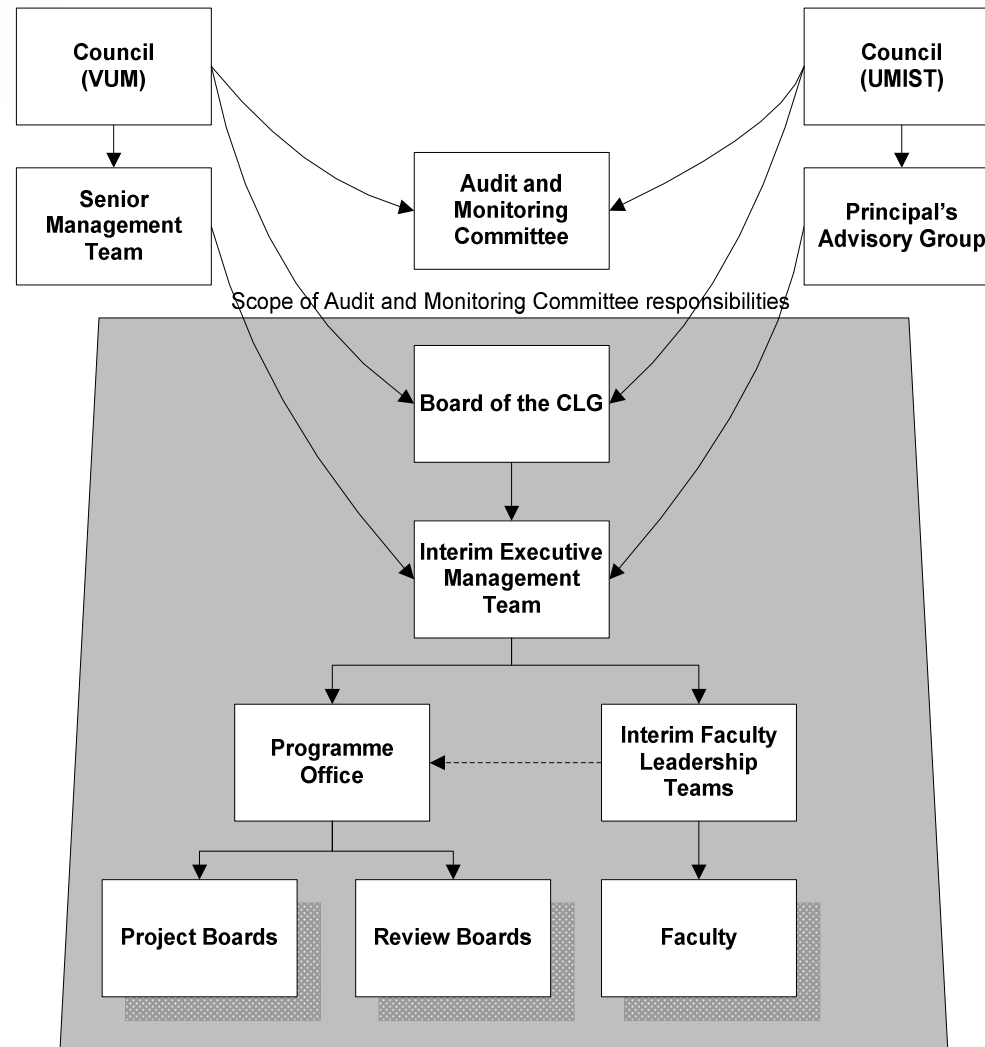
Phase 2: Transition

- Dedicated programme and project teams
- Additional workload
- Communication, communication, communication
- Greatest care over transfer of staff
- Importance of retaining the vision

Transition Governance



Transition Governance



Phase 3: Consolidation and Growth

- Unexpected staff response
- Fire-fighting and quick response
- Refreshing the vision

Key Lessons in Creating Major Organisational Change

- Top-Down v Bottom-Up
- Communications Strategy
- Timescales and Expectations
- Dealing with Multiple Officers
- Workload
- Project Management
- External Stakeholders
- Trade Unions
- Ensuring Radicalism
- People

Top-Down v Bottom-Up

- You must have a Vision
 - Strategic decision based upon
 - External Context
 - SWOT Analysis
 - Acceptance of Risk (breaking the mould)
 - Timing (politically and being the 1st)

- But it must be a shared vision
 - The issue for Manchester was to ensure 'ownership'
 - Since the majority of senior post holders would be out of office by October 2004

- Be clear when you are at the 'point of no return'
 - Universities are often poor at making clear when a decision has been made

Communications Strategy

- Complete transparency from initial phase
- Constant reinforcement of the vision, goals, processes and actions
- Be aware of timing issues for different groups

Timescales and Expectations

- Tension between expectations of timescales
- Working within a fixed timescale
- Delivering in a changing environment
 - Clash of cultures?
- Is a step change, a single change or a series of many small changes?

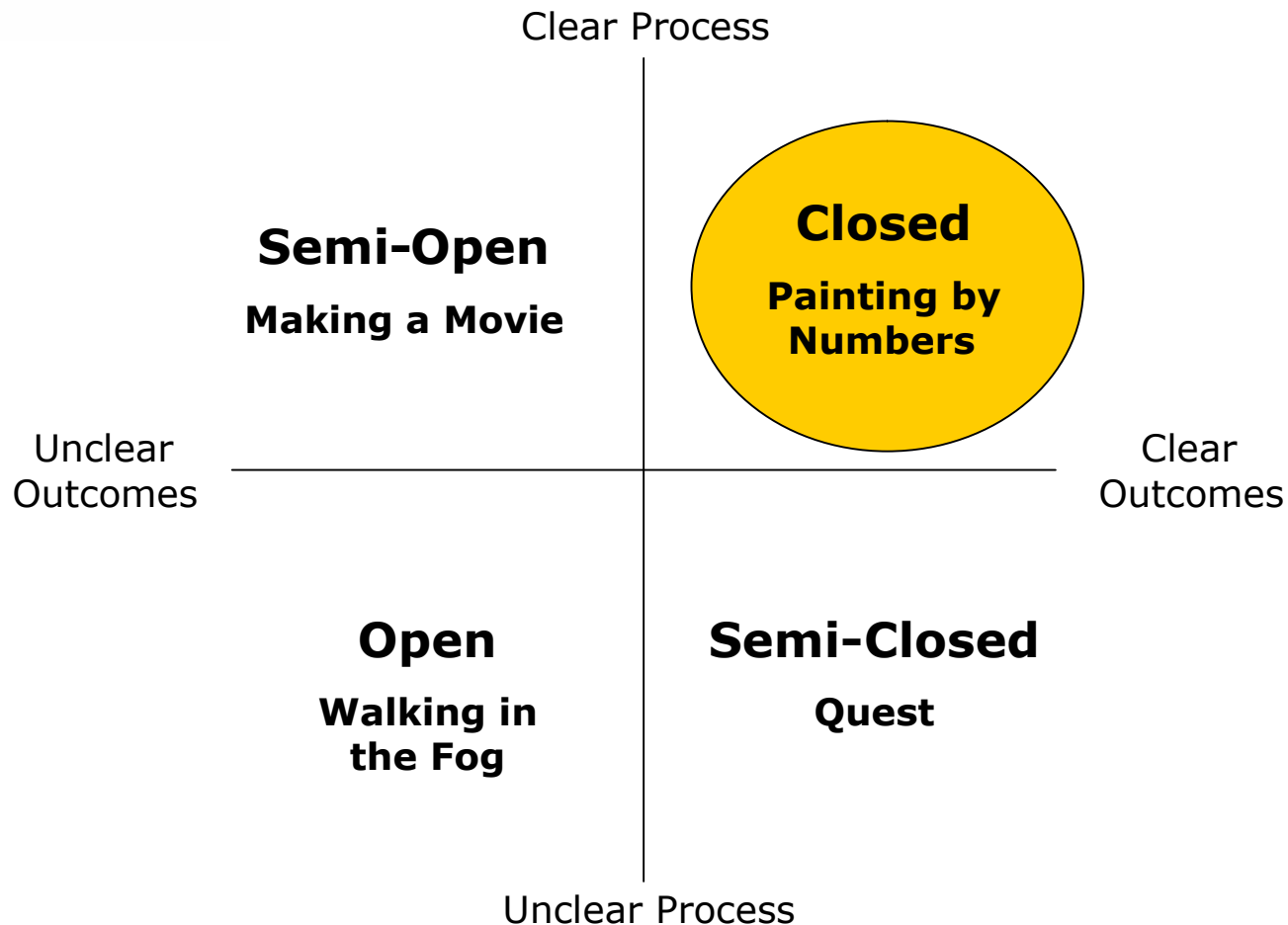
Dealing with Multiple Officers

- Both Vice-Chancellors retired in September 2004
- Interim Leadership Teams and project teams avoid privileging individuals who may compete for a post
- Tension between appointment of key staff and making sufficient progress
 - E.g. knowing the Administrative Structures before making directorate appointments
- Process for senior administrative appointments and transfer of staff

Workload

- Strategic change imposes additional workload
 - Often whilst carrying on 'business as usual'
- Backfilling has limited applicability or feasibility
 - Need the skill sets
- Key issue is clarity of work, rather than volume
- Development of existing staff base
 - Providing new opportunities to prove themselves

Types of Change Management Project



Project Management

- Tension between strategy and implementation plans
- Strong project management structure
- Stage-limited phases absolutely critical
 - But confidence in overall process
- Most successful areas of implementation are those with project-based approaches v.v. committee-style
- Focus on deliverables and timescales is vital to ensure momentum

External Stakeholders

- Legal and Governance
 - HEFCE, DfES, Privy Council
 - Later included ODPM and Treasury

- Funding
 - HEFCE, OST, NWDA

- Institutional
 - Local and Regional HEIs, Business

- “Home”
 - Alumni, Court, Council

Trade Unions

- Different management cultures in dealing with the unions
- Joint Trade Union Forum
 - Although need for better integration of the unions
- Negotiating Committee
- 'Sovereignty' and 'interference'
- Importance of advocates

Ensuring Radicalism

- Ensuring agents of change in key positions

- Criteria of assessment of change
 - Academic excellence of international standard
 - Cohesiveness
 - Assignment of authority to the most appropriate level
 - Fitness for purpose with permeable boundaries
 - Outward-facing and pro-active
 - Added-value

- Being prepared to say no ... and have sufficient time to rework proposals

People

- Critical to have a group who hold the vision
- Good times and bad times
- Winners and losers

Conclusion

- Largely 'unknown' territory
 - Stage-limited commitment and implementation
- Risks mitigated by due diligence phase
 - Including lessons learned from other mergers
 - Although few other organisations have so many stakeholders!
- Staff, student and lay-member buy-in essential
- Need to keep momentum and avoid 'perfection paralysis'
- Verdict
 - The Manchester Merger was undoubtedly a success,... whether it was a good idea, you will have to wait until 2015.

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Questions and Discussion

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