UNIVERSITY OF CAMBRIDGE

Risk Analysis: University-Industry collaborations

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Module Outline

- **High level view of risk**
  - Why bother taking the risk? (Advantages and Disadvantages)
  - Contingencies
  - Grading risk
- **Review of specific risks**
  - Review processes
  - Types of risks
  - Context and risk assessment
- **Case study**

SWOT Analysis: Research Collaboration

- Research excellence reputation
- Profile & prestige
- Expertise in leading projects and consortia
- Experience in external collaborations

- Poor stakeholder buy-in
- Potential delays & schedule overruns
- Burden of bureaucracy
- Inadequate resources
- Brexit !!

- Publicity resulting in more alliances
- Increased funding opportunities
- Enhanced research reputation through interactions
- Promotion of University image
- Cross-fertilization of ideas
- Contribution to development of knowledge in developing countries

- Loss of control
- Insufficient funding
- Conflicts with University policy

Key Success Factors

- Identify risks
- Determine measures of success
- Detailed specification - involve key stakeholders
- Project planning
- Financial control
- Collaborator management
- Monitoring of progress
- Stakeholder communication
- Contingency planning

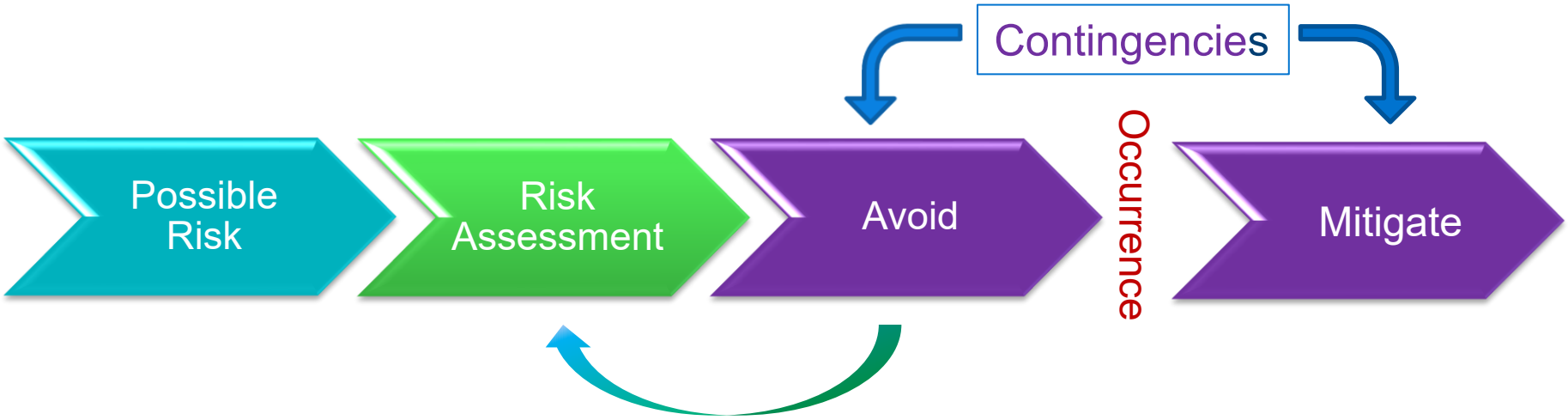
Impacts on Project Delivery

- *Project boundaries*
- *Appropriate staff*

- *Correct funding level*
- *Flexibility on virement*

- *Non-dedicated staff*
- *Unrealistic project term*

Risks & Contingencies – the various stages



Constant review to minimise risk

- Probability
- Impact
- Level of Risk

Constant review to minimise risk

Risk Analysis & Contingencies

Possible Risk	Risk	Contingency	
		Avoid/Minimise Possibility	Mitigation
Budget overspends	H	• Alternative sources of funding • Exact quotes • Accurate spreadsheets • Monitor scope creep	• Contingency budget (assess risk versus probability). • Scale-back planned activities.
Negative Impact to Research Reputation	M	• Consult stakeholders prior to project • Retain structures giving added quality. • Continuous process for request of and receipt of feedback from stakeholders. • Use recommendations from stakeholders.	• Monitor reputational decline & conduct re-evaluation to reverse negative trend. • Review reputational status & feedback from stakeholders. • Implement recommendations from stakeholders. • Consultants for best practice methods.

Risk review process

Level of review of Risk – dependent on companies involved and the project

- Identify and Score risks
- Red flag issues - automatic escalation
- Light touch process for low risk funders /collaborators
- Escalation level & Approvals vary for different types of risks

Note: Assessment of Risk based on experience

Actions: Approve / Mitigate / Escalate / Reject

Actual and Perceived Risks

Risk Types:

- Financial
- Operational
- Location
- Governance
- Reputation

➢ Red flag issues:

- Credit check issues
- Previous operational issues
- High risk countries
- Conflict of interest
- Risk to the University's reputation

Example: High risk countries

- High risk of corruption
- Lack of robust & transparent accounting practices
- Economic sanctions
- Money laundering concerns
- Financing of terrorist activity
- Export control risk

Mitigating actions

- Change something in the contract
- Change the structure or governance of the project
- Implement a communications plan

OR

- Undertake further investigation to assess the risk level
- Change nothing, but escalate to seek approval at correct and senior level
- Reject the project

Further questions

- Are we doing enough?
- Do we know where the money really comes from?
- Are there hidden risks?
- What don't we know about the organisations we are collaborating with?

Key Risks to consider….

New Funder

Are there risks to the University in working with this funder?

- Ethical considerations
- Financial
- Reputational
- Terms & Conditions (frequently change for existing funders)

Appropriate cost recovery

- Have all costs required to conduct the Project been accounted for?
  - *Shortfalls on the grant will have to be found from elsewhere*
  - *Will University be able to fund the shortfall?*

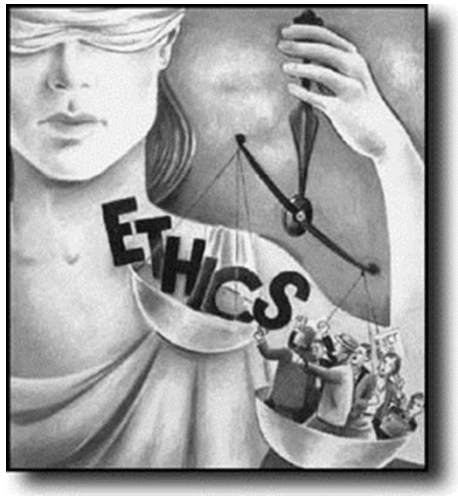
- Price (rather than cost) needs to be correct

Are we overcommitting ourselves?

- Human Resources – do we have the correct staff?
- Is the Principal Investigator (PI) available?
- Is there sufficient space?
- Do we have access to all required equipment?
- Do we require dedicated space or staff?
- Does Project need to be segregated due to its sensitive nature?

Ethics

- Does ethics approval need to be in place prior to start of project?
- Is approval unlikely to be given?



Restrictions

- Is the Intellectual Property structure in place?
- Can results be used?
- Are there any publication restrictions?
- Are confidentiality obligations acceptable?

Cross Institution collaborations

- Who provides which resources?
- Need to agree the budget for each
- Need to agree ‘overhead’ split

- *What if the collaborator is an Industry Partner?*

Does “it” fit in with University’s expectations?

Risk management…

- … not risk elimination
- It doesn't exist…

It's all about Context

- What is the relationship with funder/collaborator?
- What is the nature of the collaboration?
- How does it fit with existing research?

- What do we want out of it?
- Can we & should we do the research?
- What does the company want out of it?
- Do expectations of the company and university match?

Context

- Value – Financial Benefit
- Institutional risk
- Institutional policy
- Academic desire for project
- Existing IP portfolio
- Influence of academic
- Urgency (imagined)
- Urgency (real)
- Long term relationship

Risk Assessment Checklist

1. Does funder/collaborator present a risk to University reputation or security?
2. Any ethical issues in the research?
3. Any contract terms that are unreasonable - showstoppers?
4. Is publication delayed for longer than 6 months?
5. If a student is involved is thesis submissions barred or delayed?
6. Are project requirements and timescales acceptable?
7. Are there conflicting third party terms?
8. Have all researchers agreed to Intellectual Property terms (Foreground and Background)
9. Any other factors specific to the Project?

Risk Assessment – so what?

- Happy to approve as is?
- Need to escalate for decision?
- If we do want to negotiate terms have we picked only the show stoppers?

➢ ***Is it worth the risk and effort?***

Summary

- You can't get everything perfect
- Use judgement to give a proportionate response
- Know where to compromise
- Comes with confidence and experience
- Invest the effort in the projects, contracts and collaborations where we can add value

There's always a risk … but is it not worth taking?!

Risk – Exercise

Funder: Egyptian defense company

Egyptian university is conducting a 2 year project on assessing and simulating bee flight and the effects of a parasite on bee flight.

Egyptian university wishes to collaborate with Cambridge on part of the project; funding will be provided from the Egyptian company's grant.

- ***Identify some key risks***
- ***Assess level of each risk***
- ***Avoidance & Mitigation***

Questions

Any questions?