

Attention: Judy Kavanagh
Inquiry Director
Productivity Commission.
Wellington NZ

Submission to issues paper for new models of tertiary education inquiry.

Dear Judy,

We do not believe that the tertiary system is adequately preparing graduates with the skills needed to succeed in innovative businesses.

The Tertiary business model does not allow for true experiential learning and the knowledge of working within or creating an innovative business.

Innovative businesses have multi-disciplinary teams and work on real world scenarios where technology changes so fast that academic courses rarely are in step with current advancements.

Students cannot gain a qualification based on experience alone and therefore Tertiary Institutions are unable to provide adequate environments for seeding innovate companies. Any knowledge beyond tertiary study is a drain on time and money and relies on the students own initiative and resources to complete.

There is considerable inertia in the NZ tertiary education system. The Tertiary system has not changed for centuries and has only made continuous improvements to an outdated education model in order to keep pace with technology and student needs. It is slow and unresponsive due to the process for adopting changes to qualifications and isn't customer centric.

Qualifications are a minor element in an entrepreneurial education where learning by doing and building value is the core of an innovative business. Culture, experience, skills all are equally important in a business and do not get taught as these are experienced through immersion in live situations.

Innovation is by its very nature disruptive to tertiary institutions and they need to adapt faster and be more agile to the needs of their customers (Government and Students). Currently education can be gained via free online learning and skills can be gained through self-start short courses like Dev Academy or UDACITY. Tertiary education is expensive and in many cases irrelevant to today's technologies or industry needs. Tertiary needs to understand where it sits within the innovation horizons and begin new ways to disrupt itself or be disrupted.

Innovation is defined in 3 horizons.

Continuous (more of the same but better), Adjacent (new models or markets) Disruptive (business model reinvention). Continuous and Adjacent innovation produce linear growth, Disruptive innovation creates exponential growth. If NZ wants to create innovative impact

then the Tertiary business model needs to allow disruptive or transformative business models to flourish.

This is best done in collaboration with external parties that have domain expertise, resources, business models built to cater to this methodology and ability to adapt rapidly to change and scale accordingly.

The cost of education is prohibitive for those who wish to be entrepreneurial. Starting a high growth business is definitely an education but it is not considered a qualification. Students are penalised for academic failure. In business failure is embraced as a learning experience to improve.

STEM subjects are the basis for future technologies yet without entrepreneurial business experience and creative thinking, these qualifications are rarely commercialized successfully. STEM students can learn business skills in a short amount of time through using their core study as a basis for solving real commercial and industry problems.

New Zealand should be considering a number of new business models that are external from the existing tertiary constraints. Experiential learning should be facilitated alongside tertiary study without the adding new pressure that would undermine a students to become qualified. Real world projects should be considered learning and contribute towards certification.

The measures are completely different and the expertise and process different from academic study. Therefore external partners and processes need to evolve alongside tertiary to help create the outcomes needed for the graduate to succeed. Currently these programmes or processes are considered extra curricula and not funded by government or TEC.

Such processes that currently work outside of academic courses are; Business Accelerators (e.g. Venture Up, Digital Futures), Exponential technology programmes (like Singularity University), Industry / Tertiary collaborations (e.g. Summer of Tech), Startup Weekends, Open sourced Innovation competitions, meetup groups (e.g. Startup Garage)

We have worked with Victoria University, Massey University, and nationally with the Young Enterprise Trust and Kiwinet. We also work directly with student entrepreneurs who engage in our startup programmes outside of tertiary study. Through this close contact with students we can validate the assumptions we have with tertiary institutions failing to meet the needs of innovative graduate entrepreneurs.

Students should be allowed to earn credits for qualifications through real world innovation. Currently they have so much pressure to achieve their qualifications that no time is

available for external innovation training through experience. Those who do learn through doing are the exception.

There are many ways these collaborations could be improved and sustainable, commercial partnerships put in place to achieve outcomes - more entrepreneurs/ innovative businesses emerging from tertiary institutions.

But until the funding and qualification constraints of the current tertiary business model are changed, graduates are less likely to be business ready or employable inside innovative companies.

OVERVIEW

Entrepreneurs are made through experience not education.

The success of an entrepreneur is in delivering actual valuable outcomes to a customer.

Theory based entrepreneurship delivers theoretic value.

Tertiary are not resourced or structured to offer true entrepreneurial experience.

The earlier the experience of entrepreneurship the better the choices for the person to adopt that experience in Tertiary study (and beyond).

The ability to build a business through experimentation with real customers will be more a valuable learning experience than achieving a business qualification.

A business has a team and teams build value through products and services.

Currently Tertiary Institutions provide education so students are trained to be qualified individuals and to achieve a certification.

This doesn't include the life skills and reality of running a sustainable or profitable venture.

Education in a safe environment where resources and difficult economic decisions are imaginary doesn't provide the learning experience needed for creating a successful or innovative business.