THIRD STREAM INCOME: UNLOCKING THE POTENTIAL

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Unlocking the Potential

- **Purpose**
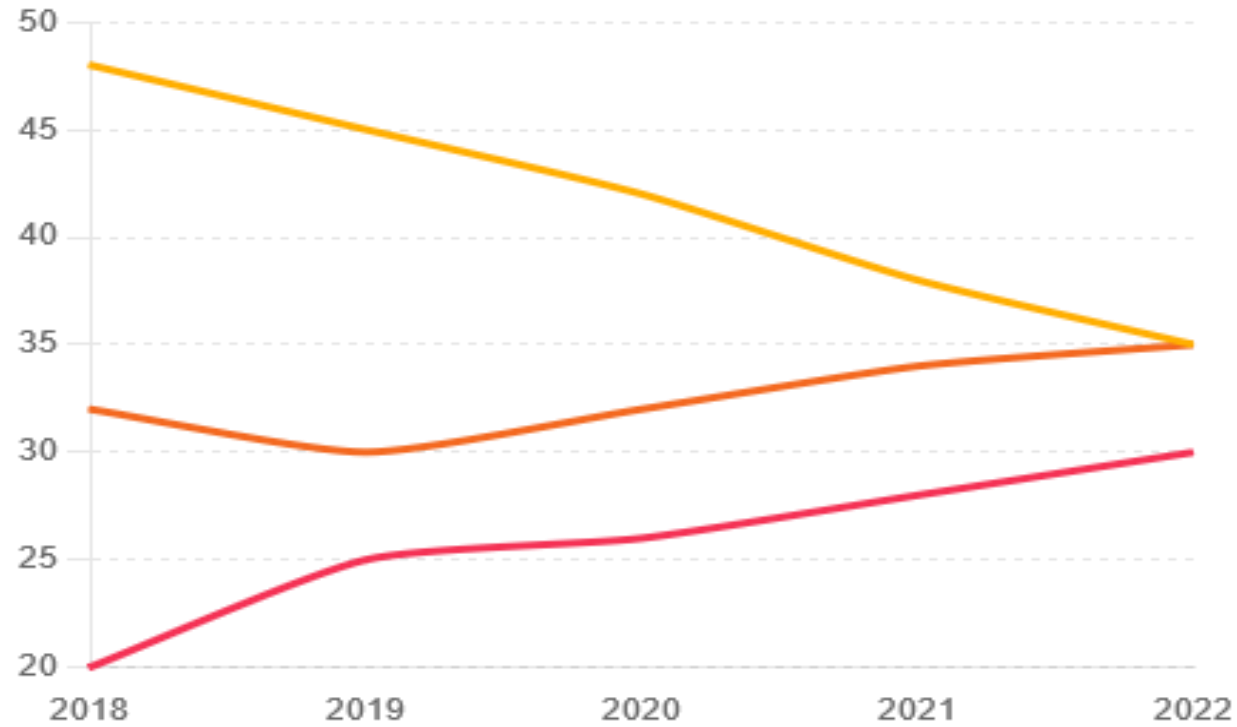 Diversify and strengthen sources of income.
  Travel beyond traditional funding such as state subsidies and tuition fees.
  Unlock and create new opportunities to generate income using

- **Key Components**
  - **Identification of Income Sources**: Research partnerships, commercialisation of intellectual property, consultancy services, short learning programmes etc.
  - **Stakeholder Engagement**: Collaborate with industry, government, and community organisations to align university capabilities with external needs.

Generalized Trends: Revenue Composition

Percentage of Total Revenue by Year for State Subsidies, Tuition Fees, and Third-Stream Income

Source: DHET, CHET, CHE, Annual Reports

Key Drivers

- Declining Government funding & Fiscal Constraints.
- Increased Student Enrolment and Demand for Access to HE.
- Growing Corporate and Industry Engagement
- Globalization and Industrialization.
- Advances in Research and Innovation.
- Fundraising and Development.
- Entrepreneurial Activities and Ventures.
- Continuing and lifelong learning – career pivot, change and development.
  Travel beyond traditional funding such as state subsidies and tuition fees.
  Unlock and create new opportunities to generate income using.

Key Challenges

- Internal capacity and expertise.

- Infrastructure to handle variety of third-stream income opportunities.

- Too many layers to move fast and get it done.

- Academic mission and conflicts.

- Limited interaction/engagement with industry.

- Regulation and Legal.

- Competition (local & abroad)

- Instability and reputational risk

Key Elements – Business Model

- Value Proposition.

- Revenue Streams.

- Key Activities.

- Key Resources.

- Key Partners.

- Segments/markets to be served.

- Channels - delivery and execution.

- Finance – cost structures.

Strategic Implementation

- **Governance and Oversight**:
  - A third-stream income policy is necessary.
  - Establish a dedicated Third-Stream Income mechanism to oversee all activities.
  - Regularly review and adjust strategies based on performance analytics and market trends.

- **Operational Framework**:
  - Define clear roles and responsibilities for all involved staff and departments.
  - Implement a transparent reporting and accountability system to track progress and financial outcomes.

Measuring Success and Sustainability

- **Key Performance Indicators (KPIs)**:
  - Revenue generation targets versus actuals.
  - Impact metrics (e.g., number of partnerships formed, patents filed, students enrolled in new programmes, SLPs etc).

- **Sustainability Practices**:
  - Ensure activities align with the university's core mission and values.
  - Reinvest a portion of profits to fund future third-stream initiatives and support academic and community projects.

Third-Stream Income - Policy

•**Objective**: Enhance financial sustainability of your institution by generating income beyond government subsidies and tuition fees.

•**Need for Policy**: Address current uncertainty in managing income from various university activities.

Policy Framework

Definition: Third-stream income includes research contracts, industry partnerships, and commercialisation efforts.

Goals: Promote the organized state of third-stream activity at institution and enhance the "rules of the game " approach.
e.g. "We support regional economic development and provide access to higher education through short-learning programmes".

Strategic Objectives

Target: Achieve third-stream income equal to at least for e.g. X% of total revenue.

Key Strategies: Develop entrepreneurial culture, strengthen financial sustainability, become a regional development anchor.

Income Generation Activities

Examples: Consultancy, short learning programs, facility rentals, commercialization units, contract research etc.

Inclusion: Activities across various university departments and units.
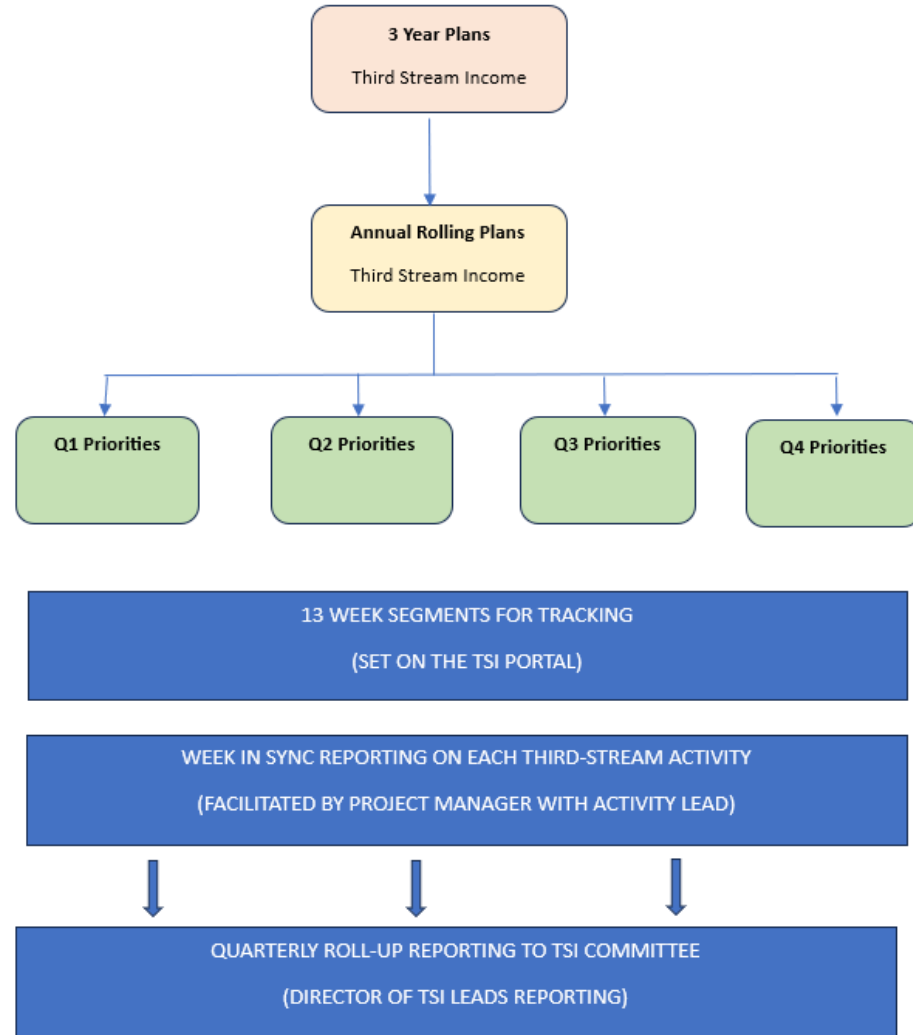
Governance and Roles

Structure: Advisory board, Third-Stream Income Committee, roles for Directors and Managers.

Responsibilities: Oversight, strategy implementation, project management, and quality assurance.

Implementation and Tracking

Performance Tracking: 3-5-year plans, annual plans, quarterly reports, monthly targets, and specific KPIs.

Certification: Issue certificates for various participation levels in non-credit and credit-bearing programs.

Discussion

Q & A