

Learning by doing; how to establish a school in china

N.J.Dwyer, October 2016



HAILEYBURY





HAILEYBURY

why?

Mission

- Internationalism
- Expansion

Commercial

- Hedge against decline in overseas students
- Hedge against decrease in government funding
- Investment



International schools in china

Schools for expatriates

- Foreign curriculum – A Levels, IB, AP, VCE, Canadian.
- Sit “outside” the system and generally closed to Chinese students.
- Market is static or declining.

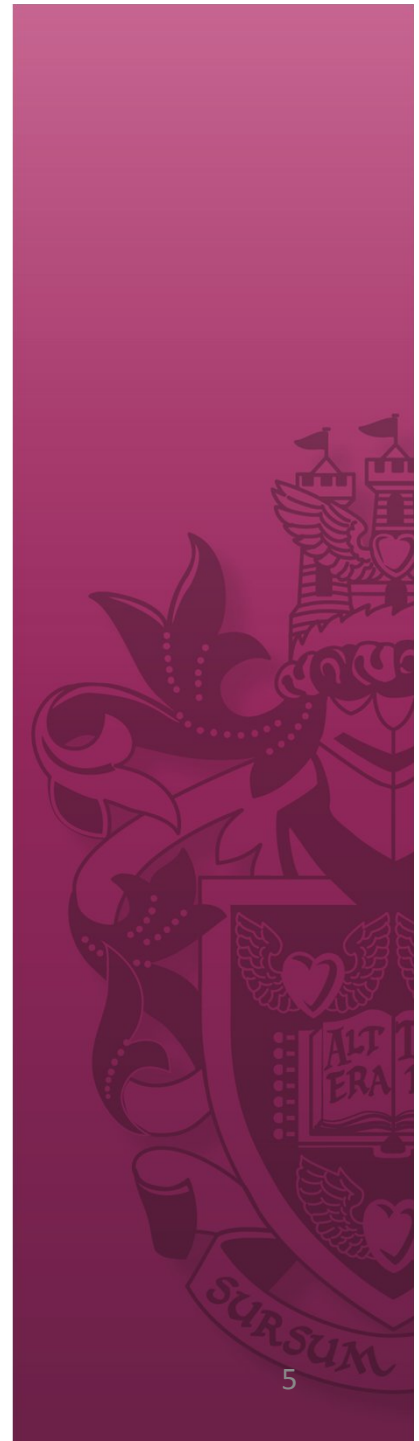
Schools for Chinese students

- Sell a pathway to tertiary study overseas.
- Offer national curriculum + international program at 10-12
- International programs are being phased out of govt. schools leaving the field to private schools



Private schools in china

- Encouraged by the national government & permitted to make profits
- Sit “inside“ the system – regulated by provincial education departments and supervised by district education bureaux with “input” at county level.
- Generally invested by local investors.
- Most possess Chinese characteristics (leaving room for schools with credible international connections).
- Market is growing fast.
- Many use “international education as their point of distinction”



Establishing a school in china

- Pre-requirements

- Cultural knowledge – understand how China works & how to work in China.
- Brand attracts support.
- Relationships (*guanxi*).

...”time in China” is invaluable



partner

In China, the partner makes it all happen...but it's your job to make sure it happens for you. Be sceptical and trust no-one for the first five years!

Requirements:

- Financial strength and probity
- Good *guanxi* at government level
- Long-term relationship (delay returns)
- Aligned agenda
- Strategic input but “hands-off”



Structure

Need to ensure that:

- Ownership respects Chinese law,
- Operational control remains with Australian school,
- Returns (profits, licence fees, etc) can be repatriated cheaply,
- Risk of partner default minimised.



Location

Market credibility requires a high level of international staff which is expensive and means that fees will be at the premium level.

Choose only large markets in China that can afford such fees – Tier 1 & 2 cities.

To minimise risk, locate near a hub: Beijing (JingJinJi), Shanghai, Guangzhou (Pearl River Delta), Chengdu.

There still appears room in all these markets.



FINANCE

Go “asset light” – partner to finance fixed assets, which will then be serviced from cash flow.

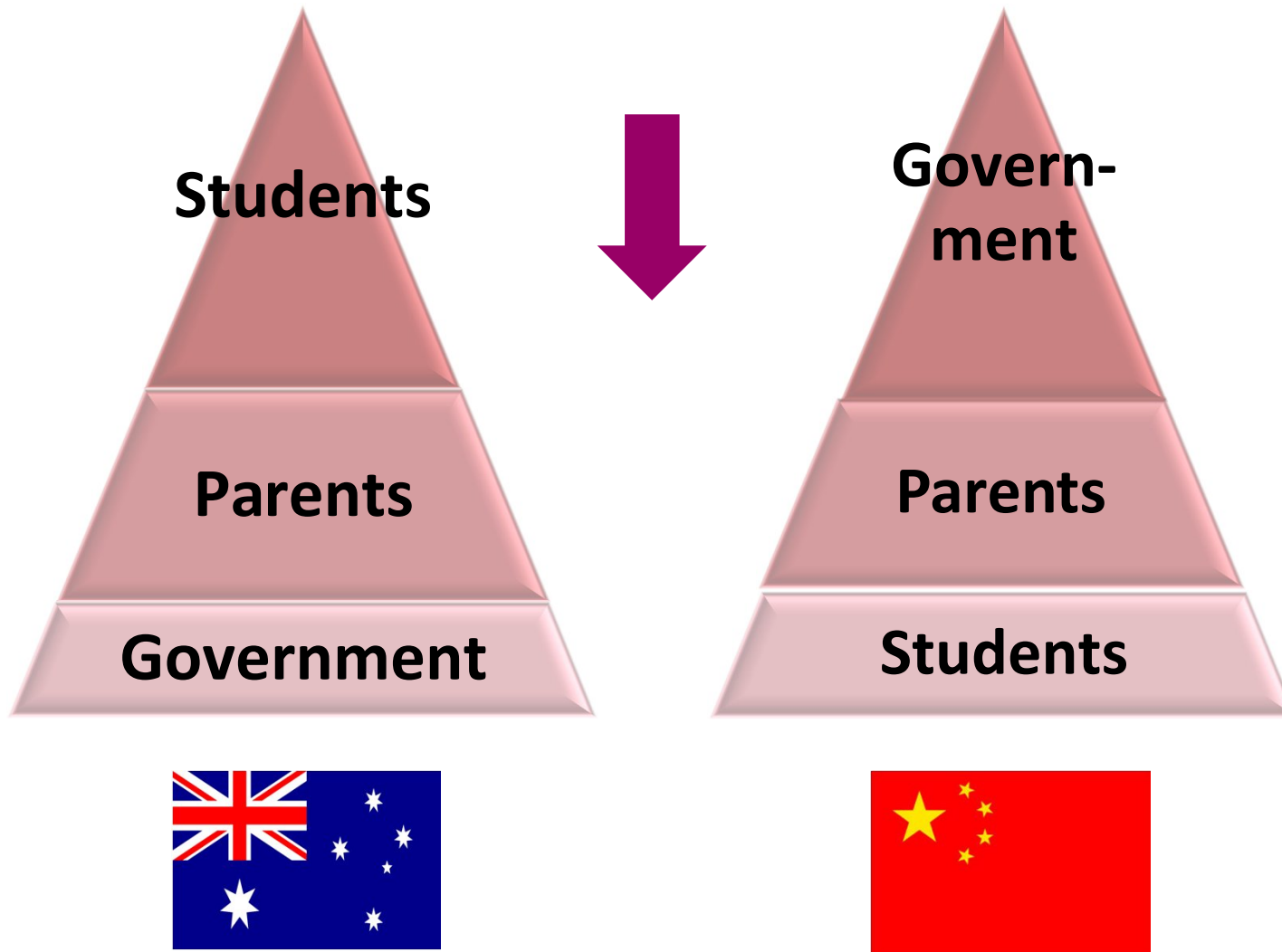
Your share of initial working capital could be as low as \$A 0.5M.

Payment of tuition fees up front plus discounts for early payment support a positive cash flow as the school expands.

Aim to break even in three years, with initial investment fully recovered in five years.



Government



management

How Chinese?

Australians in a Chinese organisation.

Support and communications back home.



Sales & Marketing

Understand local channels : newspapers are out, *WeChat* is in, along with events, joint-marketing, and penetrating schools

Agents are important, but build the so that you can phase them out



Staffing

The “mix”:

- Home campus staff,
- Australians
- Internationals
- Bilinguals
- Chinese

Is there a boundary?



the cultural challenge

The knowns and the unknowns:
Unconscious racism and arrogance





Thank you

TITLE

Content

HAILEYBURY

