

A Bird in the Hand is Worth Two Fleeing By:²³ Creating a Corporate Governance Course for the University of Belgrade

It all started with good intentions. IFC's corporate governance program in Southern Europe was in contact with the law faculty of the University of Belgrade to discuss possibilities to help it develop CG courses. As it happens, when you initiate talks with potential partners, we found that another institution was also discussing development of a new course with the university. The institution was in talks with the faculty of economics and showed interest in corporate governance. We decided to join efforts and try to develop a new product with both faculties. This SmartLesson discusses how IFC's CG program in Southern Europe collaborated with many different partners at the University of Belgrade to set up a corporate governance course.

BACKGROUND

This process started in early April 2006. We had a first meeting with representatives of both faculties and quickly decided that each organization should allocate one person to handle this process on a daily basis. We called them managers. We also appointed a Steering Committee, represented by the people in charge of every institution, and decided on the working rules.

The rules were simple. The SC would be in charge of the key material decisions and would meet a minimum of twice a month, unless otherwise needed, in order to approve each milestone of the project. Our first decision was to conduct a joint feasibility study and present the available options to the SC for its final deliberations. Driving directions for the study were the use of synergies between the two faculties; sustainability; and a combination of short-term, medium-term, and long-term projects, as well as undergraduate and postgraduate options. The feasibility study was due before the end of the summer semester of 2006, so that we could start the courses in the winter semester of 2006–2007.

At the beginning, everything went as planned. Managers were meeting regularly and drafting their

reports. The SC was meeting as scheduled and formally approving all milestones.

By May 2006, everything was ready. The first chosen option was to launch a specialization course on CG in September 2006. This course would focus on the financial and legal aspects of CG. The faculty of economics would cover all topics related to information and disclosure, as well as auditing and financial reporting. The law faculty would cover all other topics. The target audience would be executives and other high-level managers from companies. The course would charge fees and would be profitable. A combination of local and foreign professors would allow local professors to learn from their foreign peers in the long run, and would also help the course gain credibility in its first year. Other medium-term options included development of optional courses and gradual inclusion of CG in the formal curricula.

Two weeks before the official launch of the promotional campaign for our specialization course, a representative from the faculty of economics called for a special meeting of the SC, during which he suggested a new approach. He was not satisfied with the division of the courses among the two faculties

and thought his faculty was not getting enough recognition, as he thought his level of involvement was greater than the one provided by the law faculty. Furthermore, he felt that too much focus was being put on the legal aspects of CG and not enough on the financial aspects. Therefore the conclusion was that the faculty of economics would not support the agreed plan. He suggested a new plan in which the faculty of economics would take the lead on a number of topics. He concluded, “Either we work this way, or I am out of this project.” Days afterwards, the project team met with the representative, but he was reluctant to change his mind.

All the work we had done was wasted. Although disappointed, the CG program decided to focus only on the law faculty. Instead of trying new approaches, we decided to focus on what the law faculty was good at. Instead of telling them what we could do, we decided to let them bring us their wish list.

The idea was simple: we can help you, but you tell us how. Very quickly, the law faculty explained that they had specialization courses on several topics but not on CG. These specialization courses were intended for all interested participants, as long as they had a bachelors degree in social sciences. The fees were calculated in order to make the course profitable, and the minimum number of participants was determined to



Course participants listen intently during one of the courses.

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be around 30. That number of participants was also seen as optimal to allow for discussions and debates by participants.

The IFC Corporate Governance Program provided advice on the syllabus and contacts with academics from abroad. Within months, the project became very concrete, and the specialization course on CG was launched in April 2007 with 40 participants. This course lasts eight months, with classes every Saturday. The participation fee is €1,000 (\$1,313), which makes the course fully profitable. With this setup, the CG project had no costs to bear and only provided advisory services.

LESSONS LEARNED

1) Too many partners may seriously hinder the end result of a pilot project, especially if they bring different agendas to the table.

Even though we had agreed on formal working rules and had formal meetings where everyone agreed on the course of action, we could not prevent the sudden change that happened at a crucial point in the process.

2) Always ensure that you perceive potential conflicts of interest beforehand and act accordingly.

We should have considered earlier the fact that the two faculties involved are often competing. We

thought we would overcome this by formalizing the process, but we were unable to because of the strong differences between the two faculties.

3) Do not aim for solutions that are too complex. Find out what your partners do well and use their experience, rather than trying to teach them new things at the very beginning of your cooperation.

This helps to build goodwill. Eventually we succeeded by following the specialization model of the law faculty. This also allowed us to act faster in the process. Now that we are cooperating on one project, the faculty has asked our advice on a number of other issues.

4) If you work with partners that have different agendas, try to get their buy-in and commitment before you start. Do not expect a legal document to do it for you.

One of the reasons for the failure of our first initiative was that our partners (faculties) did

not feel committed to our Memorandum of Understanding. Would a formal contract have made a difference? We do not think so, because at the end of the day we would not have been willing to enforce our contract with partners to our program. Therefore, commitment and buy-in at the beginning are essential. From our perspective, the way to gain this commitment and buy-in is to understand the agenda and priorities of your potential partners. After that, you just need to ensure that you take their views into consideration and provide them with sufficient recognition.

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