

# Finding the Right business model

*A How to do more business with business mini-guide*

## **Finding the right business model**

As learning providers seek to earn more of their income from employers, senior managers begin to ask questions about the best ways to structure their organisations to enable them to deliver the services that employers want and are prepared to pay for.

Is there a right answer to these questions? Is there a single best business model for learning providers to adopt to help them with this task?

As with most things to do with learning the answer is not a straightforward one. However, the answer is easier to find if provider organisations first consider a different question: how much of their income do they want to earn from employers?

Being clear about the answer is vital and time spent securing senior management agreement on this issue is rarely wasted. The answer to the question, as well as establishing income targets, will give a broad indication of the level of investment the organisation will need to make to enable it to deliver its targets. It will also set in motion the process that will determine the shape of its infrastructure and the development of the products and services which the organisation ultimately sells to employers.

For example, if a learning provider organisation wishes to earn 25% of its income directly from employers, then the whole organisation must work to deliver this target. A business development unit grafted onto the side of a college, or a small team working on employer-related issues in a larger provider organisation, is unlikely ever to be in a position to deliver this level of income. Great expectations on the part of organisations for employer income demand a whole organisation approach and a cross-organisation commitment to bringing the money in.

The business model chosen will, thus, almost certainly be established on a whole organisation basis with every department, faculty, team and unit involved in employer engagement activities. Thereafter, calculations about income to be generated will help senior managers to work out the type of resource needed – including people - to deliver the targets.

### ***The price of modesty***

If, on the other hand, an organisation expects a modest input from employer income into its finances, then a small unit undertaking work with employers separate from mainstream provision could suffice. However, as many learning providers have already discovered, lower income targets can be problematic because there is an entry cost to employer engagement whether income targets are modest or adventurous.

Achieving modest targets will still require the investment in an infrastructure for working with employers including dedicated customer service staff, account management and client handling processes as well as the means to develop and deliver programmes relevant to the needs and expectations of employers. Thus, income targets must be set high enough to justify the investment. Once established those targets will then begin to define the shape and size of the unit which will be tasked to deliver them.

Across the country provider organisations experience problems where their expectations of income from employers and the business model they choose to deliver their work to employers are mismatched. Such mismatches often lead to unmet targets and acrimony and bad feeling within senior management teams.

So the message to provider organisations is a simple one. Finding the right business model for work with employers is a three part process:

- Decide first on the required level of income from employers.
- Choose a business model capable of delivering those income targets.
- Resource the model to the level that will enable income targets to be met.

Success with employer engagement is likely to follow in organisations which do all of the above.

**Margaret Adams is a former college manager who helps colleges and learning providers to earn more of their income from the private sector.**

**This article was first published in T Mag in February 2007**

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