

How To Do More Business With Business

Market Report

Seven Ways To Boost Your Income

From Employers

Introduction

Every one working in the learning and skills sector today knows that earning more income from employers is a necessary fact of economic life. Many organisations which have traditionally relied on funding to support their work are finding there is less funding available and what there is, is more difficult to come by.

Managers in those same organisations know that restructuring a business to take the new financial realities into account takes time and that restructuring can lead to a gap in income of several months and possibly of more than a year.

- So are hard times ahead?
- Not necessarily.

This market report has been produced to support managers in colleges and in learning provider organisations. It will help you to help your organisation to earn more of your income from employers – provided you take action – now!

About this report:

This report sets out seven key strategies that successful organisations are adopting right now to help them to boost their income. By reading this report you avoid having to do the market research yourself and yet learn about those strategies.

Use this report to check how many of these strategies you currently apply and to decide what else you need to do to boost your income from employers rapidly.

Seven Ways To Boost Your Income From Employers

Work through these seven ways of boosting your income from employers and keep your calculator handy as you do.

Remember that these strategies are the ones being used right now by successful organisations in the learning and skills sector and in business more generally.

As you read think about how much money you can earn by making the changes to the ways in which you do business outlined here. Add it all up at the end and then get to work.

The seven strategies for successful business

1 Deal with enquiries in the ways that employers want them to be dealt with.

This is the first, and often the hardest, lesson of all.

You may think you're dealing appropriately with employers when they telephone or e-mail, but if they're not satisfied, then you're not doing a good job. It's as simple as that.

It doesn't matter how well you think you are handling enquiries. It doesn't matter how busy you are, how many people are off sick, how many other people have let you down, the employer wants – and expects - good service as he or she defines it - now.

Employers don't like:

- being kept waiting whilst you find someone for them to talk to
- being asked to leave a message on a voicemail
- being told that someone will ring them back who doesn't
- being sent inappropriate information
- being shunted from one extension to another before they get to someone who can help them.

Above all they dislike:

- not getting a resolution to their enquiry in a single telephone call.

You may not know how serious an issue this is for your organisation at present.

Mystery shopping investigations in colleges and learning provider organisations throughout the country indicate that in slightly more than one third of cases an initial enquiry is never resolved. Yes, more than a third. That means you probably do not pass go with at least one out of three employer enquiries. There's an awful lot of waste in that statistic.

Why don't you do some tracking of employer enquiries and see how many "touches" (transfers, call-backs etc) it takes before employers speak to the people they need to speak to and get the information that will satisfy them?

2 Avoid treating employer enquiries like they're a ***nuisance!**

It's not what you do it's the way that you do it, isn't it?

Well, if your staff answering the telephone are harassed and busy, if they're trying to do a hundred and one other things as well as answer the telephone, guess what? The person at the other end feels as if he or she is a nuisance.

Callers sense that all the other person wants to do is to get them off the line as quickly as possible and they respond to this non-verbal communication. They do it either consciously or sub-consciously, but they get off the line, maybe without exploring their enquiry fully and almost certainly with a sense that you really don't care about them or their business.

They often can't articulate what it is that has gone wrong with the interaction but they know they didn't like it and don't want to repeat it. So you had your chance and you messed it up. These employers won't be back in touch in a hurry.

Why don't you check out how employers are treated when they make that initial contact? This could mean mystery shopping your service. It does mean talking to employers about how they rate the quality of the experience they had with you when they first made contact with you.

Remember that people buy from those they know, like and trust.

Are you shooting yourself in the foot at the first contact?

Here's another action to take now!

3 Move beyond the tramlines!

You have an offer, a series of products and services which you would like to sell to employers, don't you? But what if that's not what employers want to buy? What if employers don't want your offer, even if it's free?

If your staff give the impression that they have a suitcase full of generic, off-the-shelf, courses they want employers to buy, and that they are just looking for opportunities to sell this offer, then every day, when they talk to employers, they will be missing opportunities.

If your staff think primarily in terms of your offer and how to sell it, then those people will miss the signals from employers who say:

“We don't want that. We want something else.”

Worse, your staff will give the impression to employers that you have your offer and nothing else. Employers will think you are just there to sell what you currently supply. This means you'll be reinforcing employers' perceptions of the sector as being unresponsive and, in some cases, irrelevant.

So from today make sure you are gathering market information from every interaction your staff have with employers. You have no excuse ever for saying that you do not know what the market wants. The market is telling you every day.

You also need to find out what employers are buying, and what they would like to buy. It doesn't matter whether you sell it at the moment. It's the market need that is important to you.

Be entrepreneurial. Remember that entrepreneurs look for gaps in the market and plug them. Adopt the same approach. Find those gaps. **Another task to do now.**

4 Banish own goals

Businesses of any size can deliver own goals to their organisation. Organisations of all sizes from solopreneurs to multi-nationals do it. Every business does it, and organisations in the learning and skills sector are no different from those in any other sector.

- The own goal can be as simple as having a rule that post must go out second class when it is clear that someone enquiring wants to receive a speedy response. Can you do better than first class post and send out pdfs *now*? Can

you scan items and attach them to e-mails without needing to get permission signed off in triplicate from someone before your act?

- The own goal might be that the enquiries coming in to your website are only dealt with once a day or worse, once a week, or sometimes not at all. The web has made us all expect to have speedy responses to our enquiries. A recent survey noted that if an e-mail is not responded to within two hours people start to think badly of the organisation to which they have sent their enquiry. How quickly do *you* respond?

And whilst we're on the subject of electronic communications, here's a modern classic of an own goal.

Two colleges we have been working with found that the approaches to employer engagement we suggest just didn't seem to be working. Employers were not flocking to the colleges. In fact, they carried on not coming at all. Luckily we found the reason before the relationship between the colleges and us soured.

The business development types in the colleges were giving out business cards and inviting employers to get in touch by e-mail for a quick response. No problem too small, personal service, customised service etc. Except that the e-mails weren't getting through to the college.

When we investigated we found that both colleges had a really fierce internet security policy. I mean really fierce.

The systems were set up to block virtually all in-coming mail. Or to put it the other way, if the message didn't come from a:

.gov.uk
.org.uk or .org

then it didn't get through. In the case of my business where we have a .co.uk address I was having to send all my e-mails to the vice principal at his home e-mail address because I was being bounced as Spam when I sent anything to the college. The college was blocking virtually all business communications.

The story gets worse, because in one of the colleges, even when the problem was explained to the IT people, they refused to change the policy. They decided it was better to forgo the business than have the college open itself up to the world of Spam! The issue went to the principal for resolution in the end.

So that's more than three strikes.

Are you in or out?

Having read so far can you see ways of improving your employer income? Most people I speak to about these things can see lots of profitable improvements by the time they get this far . . . but there's more.

5 Focus on profitability not income targets

Here's the next step on the way to doing more business with employers.

So many colleges and learning providers talk about income targets. These targets become central to planning and they are the basis of judgements about success or failure. In fact, they are irrelevant. Profit is the key. If your organisation has employer income targets of £50,000, £500,000 or £5 million, and you meet them every time, this does not tell you if you really have a business. The level of profit you make does.

When I begin to work with an organisation I ask:

- Does fee income have to cover the unit's running costs only?
- Does it have to cover running costs and pay back the initial investment in terms of equipment, people, development of products and services etc? If so, over what period?
- Does fee income have to do all of the above and make a contribution to the overall organisation budget?

There is still a lot of vagueness in the responses but it is worth doing the calculations. Think about your resources: people, equipment, materials etc and work out just how much your "business" is worth. Then think about running costs including the design of products and services. In the business world you would need to supply a return on the whole investment to justify being in business.

You need to have a discussion with your finance people to establish just what the contribution of fee income is expected to be. This is really important. It will affect everything you do, from the products and services you offer to the prices you charge for them.

But there's still more.

Profit is your contribution to your organisation's finances. So how much profit should you be making? To answer this question think about bank rate. If you can't turn in at least as much profit as could be gained from leaving the money safely in the bank, then

you shouldn't be in business. Of course, you need to make significantly more than the current bank rate to justify being in business because there is risk involved in your venture.

If you set your profitability targets at something like three times the level of bank rate – and then meet them - you will be able to begin to say you are making a realistic **return on investment**. However, you should always be looking for business opportunities which deliver significantly more than this rate of return.

Can you do this?

If so, great.

If not then you need to have some honest discussions with your financiers.

After that the job is how to bring in the income (the turnover) and make the profit (for example - 3x bank rate minimum). That will become your business model.

Don't confuse income (turnover) with profit.

Remember turnover is vanity; profit is sanity.

6 Sell something small to begin with.

Do you entice employers to work with your organisation? Can employers start with a low cost, low risk purchase? Do you sell something small to begin with so that employers can sample what you do without making a big investment? If you don't, then you really are missing opportunities to build your business.

Selling something small is not about discounting and selling cheap. It's about selling something that employers will value at a price low enough to encourage them to try you out when they don't know, like and trust you.

This small purchase could be:

- a guide for employers on how to avoid employment tribunals.
- a booklet you have produced to help employers understand health and safety issues. (Before you say there are lots of free guides on these issues, remember that if you write as you speak to employers and talk about their situation they will read your guide rather than anyone else's even if the other guide is free and yours isn't.)
- a directory of local businesses.

- a taster session on . . . almost anything. You find what employers want and plug the gap with your new offer.

It is unrealistic to expect employers to spend thousands of pounds with you, or to sign up for a major funded programme, if they haven't worked with you before. Case studies and testimonials can only help you so far in this situation.

People are more likely to make a second – larger – purchase from an organisation they have already done business with, provided that the first experience was a positive one.

And now, last but not least, a word or two about price.

If I could set out only one market note this would be the one. It makes or breaks businesses. It separates successful businesses from those that just plod along. It is the key differentiator of success in any market place. And it is . . .

7 Always price on value not on cost

Colleges and learning providers fight this one tooth and nail.

- The sector loves to price on a costs plus a profit factor basis.
- The sector loves to price at the same level as its competitors - give or take 5%.

The obvious question is: why?

Once you begin to establish what the market wants and to deliver what the market wants in the ways that the market wants it delivered you can start to price in terms of value not cost.

Do note, however, that this approach doesn't work until you are confident you are offering what employers want and are prepared to pay for. Don't be fooled by past experience of selling what employers don't want into thinking they won't buy. They can spend and they do - £33.3 billion a year.

Value-based pricing is all about what your product or service is worth to the purchaser. It has nothing to do with what the product or service costs you to bring to market.

Unfortunately you can't really ask an employer:

“How much would you be prepared to pay for this?”

but you can through trial and error work it out. If employers agree to your prices every time then you know you are not charging enough. If they are queuing up to work with you then try a price hike.

So there you have the seven ways to increase your income from employers that are being used by successful businesses now!

Bringing them all together they are:

- 1 Deal with enquiries in the ways that employers want them to be dealt with.**
- 2 Avoid treating employer enquiries like they're a *****nuisance!**
- 3 Move beyond the tramlines!**
- 4 Banish own goals.**
- 5 Focus on profitability not income targets.**
- 6 Sell something small to begin with.**
- 7 Always price on value not on cost.**

These points are all dealt with in more detail in the **How To Do More Business With Business** development programme for colleges and learning providers but there is enough information here to give you lots of food for thought and to help you to get started on earning more of your income from employers - now.

So isn't it time you began?

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Contact me by telephone or by e-mail to find out more about how our support can help you to do more business with business.

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