

Improve Profitability in Contract Training

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1. Increase the frequency of business for your best clients.

Increasing the frequency of business of “Star” clients will add quickly to your bottom line. Frequency of business can be increased in a number of ways, including:

- Visit or call clients more often so they think of you when they have a training need.
- Host small events. You can open these events to the public, but write a customized invitation to your Star clients.
- Offer discounts or other incentives to clients who book more than one job at a time.
- Sell certificates and other kinds of multi-event programming.

2. Increase the transaction amount of each contract.

The price of each contract can be increased up to the price break in many cases. The main effort is to increase the value of an event to the client, while limiting the increase of expenses to you. On each contract, ask yourself, “What would increase the value of this training (or consulting job, or event) to the client, but not add much to our direct costs?” For example, you could:

- Increase the length slightly.
- Increase the handouts or upgrade the handouts.
- Add access to free online chat rooms, libraries of videos or papers and so on.
- Offer online or webinar follow-ons for contracts. This will also increase the

value of each contract, because the webinars are easy and inexpensive to create.

- Offer free access to the instructor via email or Skype for a few days after class.
- Offer some added “job aids,” papers that explain or diagram concepts, to-do lists or processes.
- Give seats in relevant classes (especially ones that will not fill anyway) for cost of materials.

3. Control course development costs.

When instructors are teaching the same thing over and over, don't pay for excessive development time. If you are paying instructors \$1,000 a day or more, don't pay for development time at all on successive jobs, unless the class actually has to be customized. Tell your instructors that you'll give first right of refusal on a certain number of offerings of a subject area to an instructor who will prep it for free. The instructor will make the prep time money back in successive offerings of the class. Set a limit to the number of hours that in-house staff can use when preparing classes. Tell them improvements can be made on the follow-up offerings.

4. Control materials costs.

When possible, have instructors prepare course materials for classes that are low-cost. For a one-day computer course, for example, a 20- to 40-page, spiral bound, photocopied manual will



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probably work as well as an expensive textbook. Create manuals with the customized information on the INSIDE cover, so unused copies can be recycled into other offerings of course by removing the single page. Use a single page of color in a handout set, rather than copying the whole set in color, or only use color when it enhances learning. Print things in bulk when you know you'll use large numbers of copies during the year. Be sure to store extra copies in a clean, dark and dry place.

5. Control instructor and consultant costs.

Each job is unique. Rather than setting instructor pay at a particular dollar amount per hour, request that you be allowed to have instructors set any price they like and then bargain. One way to get an instructor to work for less is to give them multiple jobs at once. You can also give them college-owned materials to enhance their own learning, or you can let them take courses (or conferences or events) for free or at a reduced price in exchange for working for less on Contract Training contracts. Network with colleagues so you have at least two instructors in every subject area.

6. Raise your prices.

You have to hit the sweet spot between being competitive with your local competition and staying in business. Pricing your services in a sustainable way does this. It's not a service to underprice and go out of business and not be there to serve your clients and your community. Most units need to raise some or all of their prices to hit the LERN financial benchmarks. Ideally, you'd like to price and to do enough business that you're self-sustaining, and by that we mean that you'd pay your direct expenses, promotion costs and administrations costs completely. Basically that means for every dollar you spend developing and delivering training, you need to bring in about two. It's not quite that simple, but that's a start. You won't be able to raise your prices everywhere, so raise them where it makes sense to do so.

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7. Offer webinars.

Webinars are incredibly easy and cheap to produce and, if you don't need a live question and answer function, you can save the webinars and use them over and over. There's money and benefit in it. Do it!

8. Sell services other than contract training.

LERN's best contract training units do not just sell training. This is one way to keep your best clients coming back for more. Be everything they need. They sell every other service or product their clients might need. These services could include, but certainly are not limited to:

- Consulting of all kinds
- Facilitation
- Room rentals
- Conflict management
- Registration
- Tutoring, mentoring and coaching
- Translation services
- Training program management

9. Prevent scope creep.

Scope creep is the unintended expansion of a project's scope of services. A client keeps asking for more and more until you're doing a lot more work than you originally charged for. To avoid this, if a client asks for a small, reasonable addition, do it. If they ask for something they should be paying for, say, "Of course we could do that! Let

me go back to my office, work up a quote and send it right away."

10. Train your staff.

If your staff waste time or money and if they aren't trained to sell, and to create products and services that will sell, then train them! Most people work hard, but they may not be focusing on the most productive and profitable work. To know how to do that is a teachable, learnable skill, so train them!

11. Fire your worst customers.

Make more money by firing your worst accounts—you know the ones: you do more for them than for anyone else and still they are not happy—and by getting more accounts like the Stars—the 20 percent of accounts that make you 80 percent of your income.

12. Have a few big products that really make some money.

If you have certificates or events that are super popular, they'll boost profits if they're priced right and target marketed. Having a handful of products or events that just keep making you money without much new development will also save you time and energy. You usually find these things by really understanding who your clients are, what they need and want, and where your business comes from. I'd rather do one \$20,000 event any day, than 20 \$1,000 contracts. Phew! Work smarter, not harder.