

Action Plan to Convert Educational Grant
dependent institutes to Profit Centre

From Grants Dependent to Profit Centre

Example Taken: British Council

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From Grants to Profit Centre

Action Plan to Convert Educational Grant dependent institutes to Profit Centre. Examples of such an institute is 'British Council'. This paper takes British Council as an example and creates an action plan around it. It is an example of how to convert an institute that is mainly depended on Grants to be 'Self Sufficient' and then 'Revenue Generating' Profit Centre. It can be easily replicated to other such institutes.

Focus Area

The focus area for this assignment is 'Innovation Lab' portfolio. The scope of Innovation is primarily within the Organization to challenge the status quo, re-visit the plans and practices, and to think out of box and build a Culture of right practices that would help achieve Strategic Goals.

Peripherals

Since, Innovation cannot and should not work in silos, have covered Growth and Consulting in this assignment

British Council – An example

As per the paper published British Council's plan is that EU would be off the grant by 2017. This could be replicated by other markets/regions. Considering that this scenario is applicable to India market and a department is responsible to implement this. The basic work of this department is divided into three verticals. Those are:

- 1. Growth** - through consultative presales where we help parent organisation to identify opportunities in their operations where they can achieve standardisation, consolidation and reduced cost of operations through Shared Services operations.
- 2. Innovation** - building culture within the organisation to help it achieve significant, disruptive improvements in performance, quality and cost of operations. A two-fold approach by driving bottom up innovation through inclusive innovation with staff and by top down innovation where we look to disrupt current 'ways' by identifying relevant and right practices to help achieve strategic goals
- 3. Consulting** – deliver short term consulting projects for the Shared Service Centre and/or parent organisation based on cost charge basis, wherever applicable.

This paper defines what should be the SMART goals for Innovation portfolio. Please also identify targets and stretched targets and create an action plan as to achieve the stretch goals in a 12-month period.

Approach Used

- Top Down** – for long term projects drives towards fulfilling 2Y strategic goal of British Council in synch with global goals.
- Bottom Up** – for short term & quick hits within department that would facilitate achieving the strategic and regional goals.
- Balanced** – for projects that had huge inter-departmental dependencies

We begin by understanding the revenue generation model of British Council, the annual Report of 2014-15ⁱ and the Corporate Plans of 2014-16¹.

INCOME

Major Source of Income are:

- Teaching & Examination
- Contracts
- FCO Grants

Income for British Council is generated through Teaching and Examination, which construes almost 55% of the revenue. Though income target was reduced for 2014-15 due to slower growth in commercial English work and a revision of income plans in East Asia and Europeⁱⁱ. Expenditure is broadly classified into Operating Cost and Platform Cost. Direct Cost is the major driver of the expenditure, which is ~70% of the total cost and ~80% of the Operating Costⁱⁱⁱ.

Operating Cost is to be optimized in expenditure category with focus on area of Maximum impact – Direct Cost.

Regional Goal of South Asia namely Investment, Productivity and Scale can be translated as Action Plans for India to decrease dependability on grants, lowering cost, increasing revenue from current sources and finding new revenue generation avenues.

¹ 2013–14 based on quarter 3 forecast, 2014–15 based on operating plan FCO grant includes capital, 2015-16 based on corporate plan

Innovation Portfolio – Cap on Profit Sharing

Figure out the Programs relying more on grants and less on profit churn and concentrating on grant-dependent programs more to reduce overall cost

Target

Current Grant is around 20% of Total Income,
 Overall Target – in 3 years, reduce the Govt. Grant in Target to 0%.
 1st Y – Target – 15%,
 2nd Y – Target – 10%,
 3rd Y - Target - 0%

12 Months Plan

Q1 - Figure out the Programs relying more on grants and less on profit churn and map all process that can generate profit

Q2 - Move identified process from Grant to Rev. Gen, and reduce

Grant Dependency from 20% to 14% by creating a cap on profit sharing from other programs for Program not capable of generating revenue, e.g. Charity.

Q3 - Reduce dependency on Grants to 12%, Implement & analyze Profit Sharing Model

Decreasing Grant Dependability - Decreasing Operating Costs

Figure out existing suppliers of resources (for e.g. papers, printer supplies, real estate etc.), re-evaluate the market for cheaper sources of supplies, targeting the Infrastructure Cost from Total Ops Cost

In 3 years reduce the infrastructure cost from current 14% to less than 7%

1st Y – 12% Target,
 2nd Y - 10% Target,
 3rd Y - Less than 7%

12 Months Plan:

Q1 - Applying DMAIC to Current Supply Chain Practice to reduce Cost from 14% to 13%

Q2 - Touching first 20% of the Pareto output to apply LEAN and reduce Cost from 13% to 12%

Q3 - Market research for new vendors and new tie ups, reduce Cost from 12% to 11%

Q4 - Optimize the process to reduce Cost from 11% to 10%

Increasing individual efficiency

Figure out the number of manpower involved in programs, evaluate the need of manpower for such programs and see if more programs can be managed with existing resources

Target

Decreasing average manpower per program by 1% every quarter by increasing 2% of individual efficiency every quarter.

12 Months Plan:

Q1 – Use Time and Motion of repetitive works. Employ effective Scheduling & Engagement to decrease average manpower per program by 2%

Q2 - Training of Employees on Increasing Productivity like short cuts, smart keys etc. to decrease average manpower per program by 4%, run Ideation campaign, Design thinking. Basic Training of Employees on Error Reducing Methods to increase average productivity of individual by 6%

Q3 - Multi Skilling Employees decrease average manpower per program by 5% by increasing average efficiency of individual by 8%

Q4 - Optimize & improve Productivity Targets for Employees - decrease average manpower per program by 6%, Increasing Productivity as per normal growth for Employees by 10% on individual level

Possible Patent Opportunities

Exploring Partnership with Universities, Research Facilities and Individual Researchers for assisting in development of ideas that can be patented or co-patented to find and file 1 patent opportunity per Quarter

Growth & Consulting Portfolio

Harvesting existing services partners

Finding needs of existing partners that can be catered to, creating Case Studies and pitching it for getting new business from existing clients

Creating Demand in current societal structure

Designing a new supply for the new middle class with ambition of better education and skillset. The new middle class has more purchasing power since 2010 than before.

Restructuring Price Plan for Customer Retention/Acquisition

Existing Price Plans can be looked at to make them more lucrative and cost effective.

For example - Online Library can be made free for generic study and charged for specific/research-oriented study. Charging method could be per click/month with utility protection.

Utility Protection reflects the confidence of the Brand and gives assurance to Customer for utility of money

Increasing number of Partners in India

Increasing number of partners in different sector like IPL for sports, state Universities for research, NIIT for e-learning, Konark Festival for cultural exchange

Corporate Trainings for Client Engagement roles

India is a hub for BPO, process is migrated from mainly two countries – USA and UK. For both, knowledge of English is mandatory. British Council can partner with BPOs to provide Basic English training for US process and English, Soft Skills, Voice and Accent and Culture Training for UK process

Exploring Entertainment Industry for promoting UK

Entertainment is huge industry in India which can be tapped to revenue generation.

Most popular channels in India are from the USA, few channels from the UK is popular like BBC. More channels from the UK can be partnered with for airing in India that can add to mutual benefit and growth.

Interest in the UK and its culture can be increased using popular movie which has its roots in the UK like James Bond, Sherlock Holmes by partnering with Distribution Houses.

When novel like Harry Potter was released, the UK tourism saw an increase in number. India did miss out on using such events to customised tours. Such events can be used to increase tourism to the UK, generating increased revenue. British council can partner with OTA or provide such customised tours.

Project Managing Programs at each level - Milestones

Q1 - Map all process, apply Business Analysis tools to each micro level task with the view of the Mission/Vision. Identifying the deliverables and responsibility centres at each stage.

Q2 - Create framework for Programs to be Project Managed and apply them, by end of this Q 35% of total projects should be Project Managed

Q3 - By end of this Q 70% of total projects should be Project Managed

Q4 - By mid of this Q 100% of total projects should be Project Managed

Framework for future Programs to be Project Managed in place

Summary:

This is a paradigm shift from Grant dependent to Self Sufficient and then to Revenue Generating Model needs change in thought process, effective change management and greater inter departmental collaboration.

It requires effective mapping of process, segregating the ones with scope to generate revenue than those that cannot generate revenue.

Two-fold approach is to be taken which encompasses of conventional and new methods.

The conventional methods are more inclined to use **LEAN** reduce waste, reduce the dependency on grants, decreasing Operating Costs, and increasing individual efficiency. The newer approach explores more on Consulting portfolio. It uses **Design Thinking** to co-partner with Intellectual India for possible patent filing, creating demand in current societal structure and exploring entertainment industry to popularize the UK culture and partner with OTA to generate revenue.

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Reference:

ⁱ http://www.britishcouncil.org/sites/britishcouncil.uk2/files/d554_annual_report_final.pdf

ⁱⁱ <http://www.britishcouncil.org/sites/britishcouncil.uk2/files/corporate-plan-2014-16.pdf> Page 49

ⁱⁱⁱ <http://www.britishcouncil.org/sites/britishcouncil.uk2/files/corporate-plan-2014-16.pdf> Page 49