



Five Ways to Increase Your Education Revenue Right Now

Leading Learning Podcast
Transcript for Episode 446

Celisa Steele: [00:00:02] If you want to grow the reach, revenue, and impact of your learning business, you're in the right place. I'm Celisa Steele.

Jeff Cobb: [00:00:10] I'm Jeff Cobb, and this is the Leading Learning Podcast.

Jeff Cobb: [00:00:17] For learning *businesses*, bringing in revenue is an essential function. Revenue is what keeps the organization going and delivering on its mission, whether that mission is solely focused on learning and training or whether it's a broader mission tied to improving a field, industry, or profession.

Celisa Steele: [00:00:33] We've had a bit of a revenue theme running through recent episodes. That's true of both our own and my conversation with Erin Pressley of NRECA (the National Rural Electric Cooperative Association). In this episode, number 446, we're doubling down on revenue.

Jeff Cobb: [00:00:52] That's right. We're *betting* that increasing revenue is something all listeners would like to do, so we want to offer five ways for you to do that. And here's the kicker—these are five ways to get more revenue out of what already exists and what you already have.

Celisa Steele: [00:01:09] The first way we're going to talk about is raising prices.

Jeff Cobb: [00:01:14] I think I hear some screams through the airwaves right now. People don't like to talk about raising prices; it seems like something that's tough to do. But we've said many, many times, and we'll say it again, there is often significant latitude for organizations to raise prices in their education portfolio. A lot of education portfolios are underpriced, in spite of organizations feeling like they're getting price resistance.

Celisa Steele: [00:01:37] The basic idea—or one of the basic ideas underlying this piece of advice, this consideration, this way that you might increase revenue out of what you already have—is

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that raising prices is going to do more for you than any price cutting is likely to be able to do for you.

Jeff Cobb: [00:01:52] As a lever for net revenue or profitability, raising price is much more powerful than your volume of sales or cutting costs. We've been through that extensively in other places. We're not going to try to do the math for you in an audio podcast. But raising price is a very powerful lever, and you've got a couple of ways to approach it.

Jeff Cobb: [00:02:14] One is there is a margin of expectations around pricing that's broader than most organizations think, and simply raising prices by 10 or 20 percent is not going to be noticed by most of the audience. That's going to go straight to your bottom line in terms of net revenue. But then, of course, price is ultimately tied to value. That's part of why it's so powerful. It's a perception tool. And, of course, as anybody who's been following us for a while knows, there are ways to think about and adjust value so that you can then adjust price, if you feel like you really need to add something to the equation in order to be able to raise prices.

Celisa Steele: [00:02:54] And baked into what you were saying there, Jeff, is that we do believe in value-based pricing. We don't believe in something like cost-plus pricing, where you're looking at what it takes you, in terms of money, to produce a particular course, for example, and then adding markup on top of that. For us, pricing is best suited to connecting it to the value of the product that you're offering. That's what you were just talking about there, Jeff.

Celisa Steele: [00:03:21] It can be very helpful for you to know, if you don't know already, what do your learners value? What is it that makes them come to you, and what do they appreciate? Maybe it's something that you do already have, so that's why they're coming to you. Maybe it's something that, if you would add it to them, it would be perceived as even that much more valuable to them, and you might be more likely to bring in more learners. But adding value doesn't necessarily have to mean adding a lot or adding something that's particularly time-intensive or resource-intensive on your side.

Jeff Cobb: [00:03:52] It can be adding a simple credential (like a certificate) to something. It could be adding some access to a subject matter expert. It could be any range of things. A tool that can help with this is our Product Value Profile, something we've talked about many times. We can make sure that there's a link to that. We've had full episodes on that. Also, looking at your Value Ramp and where a product sits in your portfolio and things you might be able to do to that product to move it up the Value Ramp. These are all ways of coming at pricing. But the message overall is you've almost certainly got some latitude with your pricing. You've almost

certainly got the ability to raise your pricing if you hunker down and be brave and take a hard look at your value and do it. Again, that's going to go straight to your bottom line.

Celisa Steele: [00:04:35] That's the first of the five ways: raising prices. The second of the five ways we want to talk about today is packaging your products.

Jeff Cobb: [00:04:44] Packaging is an aspect of value, how products are presented but also how products are grouped together, which is one of the things we want to talk about here—bundling. Because you've got your products that you're offering, the different types of learning experiences that are out there that you're typically selling one by one, but you can bundle those together and promote a set of complementary products at a discount over what it would cost to buy each of those separately. This can be very powerful. And we know from our research that not enough organizations are doing it.

Celisa Steele: [00:05:17] Some of the data that we have cited in our last couple of episodes has pointed out that not as many learning businesses as we might think have experimented with and are working with things like bundling. But, as you just said, Jeff, by bundling products together and offering them at a discount over what it would cost to buy each separately, that's a clear value for the learner coming in.

Celisa Steele: [00:05:39] And then, for you, as the learning business, if you already have the sunk cost in these products, if they already exist—I'm thinking in particular of something like self-paced, online-type offerings—then you already have them, and what you really want is to get them used. Even if you're not bringing in quite as much revenue as you would if someone were to buy them each independently, knowing that you have that much more mindshare from that particular learner can be very valuable. And then the other thing is you can think about your bundles in a way where you package together some really strong sellers, some really strong performers, along with related courses or offerings that don't typically sell quite as well.

Jeff Cobb: [00:06:20] Usually this is going to happen with digital-type products. It doesn't have to be. You could combine some things with live events as well, but particularly with those digital products, as you were suggesting, Celisa, your incremental costs are practically zero with those, so every additional sale you're getting is pure margin on those types of products. And again that's going to your bottom line directly. A lot of focus on the bottom line here today. But, in general, think about what you can bundle together and put out there as a very compelling offer, where they are getting that discount that they would not get by buying each

of these things separately, and you'll probably be making people aware of some things that are complementary in your portfolio that they weren't necessarily aware of in the first place.

Celisa Steele: [00:07:02] We've touched on two ways so far: raising prices and looking at how you package your products (in particular, things like bundling). The third way we want to talk about increasing your revenue—and something you can do very quickly—is look to borrow to expand. This is a way of getting more products into your portfolio without necessarily investing yourself in the development of those products.

Jeff Cobb: [00:07:27] You don't have to build everything. There is stuff out there already that you can leverage and use. That may start close to home. You may have subject matter experts who are offering their own digital offerings—digital is going to be a big one for this. They might already have digital offerings that you could partner with and strategically add into your portfolio. But there are also catalogs of courses out there that are available to license. If you've got a learning management system in place, and let's say you say you need something like soft skills to complement the more technical skills that your organization might be offering, there are a number of providers who can give you access to a catalog that's going to allow you to do that. We happen to have a partnership with one, which is the American Management Association. You can get access to their e-library of leadership and management-type content and, in short order, be able to add that into your portfolio and suddenly have expanded your offerings dramatically.

Celisa Steele: [00:08:23] Whether it's through some sort of upfront licensing fee that then you're recouping as you make sales or whether it's some sort of shared revenue model, there are different ways you can structure this partnership. The idea is to look for content that your learners need that other people have already built. Maybe it doesn't make sense for you to necessarily own that, the case of soft skills often being one, where leadership and/or communication skills are very broad and aren't necessarily specific to a field or industry. Look for other ways where you can get some of that content into your catalog, offer value to your learners, and also bring in additional revenue for your learning business.

Jeff Cobb: [00:09:04] That's three. So far we've talked about raising prices, about packaging/bundling your products together, and then borrowing, tapping into other sources of content to expand what you have in your catalog. A fourth one we'll talk about is running flash sales.

Celisa Steele: [00:09:22] This is the idea of there's going to be a very limited time in which you're going to discount something that you already offer. One of the things that you'll need to do is be clear on a reason for why this is a temporary thing. Tie it to, perhaps, some type of event or something happening that's going on either at your organization or more broadly, but be very clear that, for a limited time, people can come in and get great value at a lower-than-usual price.

Jeff Cobb: [00:09:52] We're cautious about discounts in general. We're not a huge fan of them, but, if they're done right, if they're done strategically, they can be a tool that you can use. Like you said, Celisa, in this case, you want to be clear about what the reason is for it, and that it is going to be something that's time-limited. This type of thing can work well, and I'll admit I've been skeptical about it myself. But we run a mastermind group with leaders from a range of learning businesses, and, in one of those groups last year, I was struck by the number of people in the group who said they had run Black Friday offerings, which I hadn't associated with this group of people doing. But it worked for them. They generated tens of thousands of dollars right off the bat by running these Black Friday sales. That might not be the type of sale you want to run, but there are occasions that can occur throughout the year. You might want to periodically do customer appreciation-type stuff. There are good reasons for running flash discounts. Find those, and leverage them.

Celisa Steele: [00:10:55] It could be, for example, something like the lead-up to a place-based conference. It could be like, "Hey, if you're coming to our annual convention next month, be sure you're coming prepared. Here are five online courses you can use to prep for that. We're going to offer them at a discount in the lead-up to the conference." If you do something like that, then the promotions are doing double duty for you because it's helping people know about these self-paced, online offerings that you have in your catalog, and, whether or not they take you up on that flash sale, it's also serving to remind them of the fact that you have the annual convention coming up next month—or whatever it is. There's a level of awareness that it helps with.

Jeff Cobb: [00:11:36] It's potentially leveling out learning, which is something we've always been a fan of. In fact, this whole podcast exists because, when we originally launched it, it was to give some free content to people who were going to attend our Leading Learning Symposium. We didn't sell the podcast. That wasn't a flash sale thing but that idea of leveling learning, giving people who are going to be attending the same event the opportunity to access some learning and knowledge that's going to prepare them well for participating in that event and interacting with each other and, in general, raising the level of learning that's going to happen at the event. So you can get learning leverage out of doing something like a flash sale.

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Celisa Steele: [00:12:12] That was the fourth way to increase revenue in the very short term. And that brings us to our fifth and final way: offering free courses. This is arguably a radical version of a flash sale. The price is so low, it goes down to zero. But we thought that free courses warranted its own entry because it is that radical.

Jeff Cobb: [00:12:36] It sounds completely counterintuitive. You're going to give something away in the name of making more revenue. But getting somebody into a free course can be a powerful thing, particularly if it's a somebody who has not engaged with you or participated with you before. You need that sign of life. You need that connection. Of course, you're going to follow on from that free course with some relevant offers because you now know something about that person in terms of what they're interested in and what they need because they were willing to sign up for this free course. That can be a very useful way to leverage "free."

Celisa Steele: [00:13:08] That is an important point buried in what you just said there, Jeff—that some of these ways to raise revenue may be for only part of your audience, for a targeted segment. And so, precisely, you might be looking at running a flash sale or offering free courses to a less engaged segment of your audience because what you're aiming for is to get them acquainted with the value that you do provide through your learning products and services, and that may mean that you're giving them something free or at a deeply discounted price initially. But the intention, the goal, is that they will then come back and become a paying customer because they've seen the value of that. The American Speech-Language-Hearing Association (ASHA) has offered some free courses, and they've done the data analysis to see what the halo effect is in terms of revenue that ends up coming out of that. There are real-world examples of this actually turning into, yes, it's \$0 now, but it means more revenue coming into your organization.

Jeff Cobb: [00:14:08] Yes, ASHA got a significant bump from doing that, and it's something that they come back to as an approach that they're using. In everything you were saying, Celisa, you were talking about to go into particular segments. It reinforces the needs for doing that segmentation, making sure you have ways to reach specific parts of your audience. Whether you're in charge of your own marketing or whether you have to work with a marketing team to do that, make sure that's happening because, with everything we're talking about here in terms of revenue, having that segmentation can certainly help with something like offering free courses.

Jeff Cobb: [00:14:42] With free courses, there's straight-up free. You put something out there and say, "Hey, come take this." But you can also do things like "buy one, get one free"—that's another technique we asked about in some of our recent surveying that we found not enough organizations are taking advantage of. But, to go back to that segmentation argument we were just making, you might want to do a "buy one, get one" even to some of your best customers as a form of appreciation to get them to come back, maybe to buy sooner than they would have if you didn't have that offering there. There are a lot of ways to look at free, either straight up or in combination, bundling free with an actual purchase that, again, can drive revenue that was not going to be happening otherwise.

Celisa Steele: [00:15:22] I would say too that wrapped up in all of these ideas is a sense of being clear about why you're trying any of them. If the goal is to bring in more revenue, then having the hypothesis about how doing any of these is going to bring in more revenue—especially these last ones around running flash sales and offering free courses—whatever "lost" revenue you might have, how does that translate into increased revenue? How are you tracking that? How are you going to see that? You can also think about the loss of any revenue from course sales as potentially a marketing expense, if part of what you're doing with things like flash sales or offering free courses is just awareness, making sure that your audience knows about what you have to offer and the value that it provides. Maybe then that's a good trade-off. It's a good way to invest some of your marketing dollars or to think about it being a marketing expense.

Jeff Cobb: [00:16:19] We're going to offer a recap and some reflection questions, so stick with us for a couple more minutes.

Celisa Steele: [00:16:26] At leadinglearning.com/episode446, you'll find show notes, a transcript, and options for subscribing to the podcast.

Jeff Cobb: [00:16:33] If you enjoy the Leading Learning Podcast, please do us and a colleague the favor of sharing this show with one other person who you feel would appreciate and get value from it.

Celisa Steele: [00:16:43] To recap, we offered five ways to increase the revenue from your portfolio that don't involve massive investments of time or money. The five are, one, raising prices; two, packaging products; three, borrowing to expand.

Jeff Cobb: [00:16:59] Four, running flash sales; and, five, offering free courses. To help you understand how these might play out in your learning business, here are some questions for reflection for you to consider on your own and then, if you have one, with your team.

Celisa Steele: [00:17:15] When was the last time you raised prices on your offerings? What low-effort value might you add to some or all of your offerings to accompany a price increase? Those are questions that tie to that idea of raising prices.

Jeff Cobb: [00:17:30] Which products are your top-sellers? Which are under-performing? Are there logical connections to be made between some of the products in those two categories? And this would go to the point around packaging or bundling your products.

Celisa Steele: [00:17:45] What do your learners need to know that doesn't fall squarely in your wheelhouse and that probably already exists? Do you have partners who create learning content? What would be relevant to your learners? What might you borrow to expand your own portfolio? Those questions tie to this idea of borrowing to expand.

Jeff Cobb: [00:18:04] And then what occasion might you tie a flash sale to? This, of course, goes to the point about flash sales.

Celisa Steele: [00:18:11] And then, tying to the idea of free courses, who might it make sense to offer a free course to? That's less a specific individual and much more about a segment within your learner population.

Jeff Cobb: [00:18:25] Segments once again. We might have to have an episode about segments at some point in the not-too-distant future. But, for now, we're wrapping up this episode on revenue. Thanks again, and see you next time on the Leading Learning Podcast.

[music for this episode by Moarn]