

Business Plans for Continuing Education

Juha Kettunen

Turku Polytechnic, Sepänkätu 3, FIN-20700 Turku, Finland

Abstract: During recent decades continuing education has found its place in the higher education framework. In many countries continuing education does not exist at universities, but in Finland it was successfully introduced in the 1970s. This study describes business plans for continuing education at higher education institutions. Business plans can be used to identify the activities of strategic business units. The study analyses how the organisations of continuing education centres have been designed using strategic business units and shared support units. It also presents examples of the activities of continuing education centres.

Key words: adult education, continuing education, business plans, strategic business units

Introduction

In many countries there are no continuing education centres at higher education institutions (HEI). Continuing education was introduced into Finnish universities in the 1970s and into the polytechnics in the 1990s. Since then the amount of continuing education has increased. Many successful continuing education centres have been established. This paper describes the model of Finnish continuing education.

In the 1960s education for adult people became known simply as adult education. UNESCO used the term continuous education, and by the 1990s the term life-long learning was also being used. According to life-long learning, learning is not restricted to childhood; it continues in adulthood. Regardless of the term used, experienced specialists guide less experienced adults with their particular knowledge and professional skills.

Continuing education centres are operating in an educational market alongside the other specialist units of universities, polytechnics, non-academic companies, independent consultants and industrial trainers. All these groups are trying to convince their customers that they are able to meet their needs and that they offer the most effective form of training.

The importance of external funding has grown in recent decades in Finland (Varmola 1997 and Tuomisto 1998). A large part of HEI activity is business oriented. Continuing education centres are clearly becoming more like companies in operation. The difference is that the continuing education centres are non-profit organisations. To a great extent the students and their employers pay for continuing education.

This study analyses the business plans and strategic business units (SBU) of continuing education centres. Business plans cover product, markets and method of production. Continuing education may be organised so that an SBU consists of one or many similar business plans. Examples are presented from Finnish continuing education centres. Continuing education embraces a wide variety of activities, which include, for example, conferences, long educational programmes, employment training, the Open University, research and development and consulting services. Many of the activities might be arranged as in-house training tailored to meet the needs of companies and other organisations.

This paper is organised as follows. The second section discusses the business plans and SBUs. It shows how business plans can be used to define SBUs and how these can be used to build the organisation of a continuing education centre. The third section describes the business plans of the various activities of continuing education. The conclusions of the paper are summarised and discussed in the final section.

Business Plans and Strategic Business Units: Higher education, or specifically continuing education, operates in a market-led environment. To a large extent it may be seen as an education business. The business plan has a central role within the activities of continuing education. It is also a central element in the formation of organisational structures at continuing education centres.

The concept of the business plan is around 50 years old (Drucker, 1959) and is widely used in business companies (Timmons, 1980; McKenna and Oritt, 1981; Fry and Stoner, 1985; Robinson *et al.*, 1986; Ames, 1989; Honig and Karlsson, 2004). Business planning can be seen as a way of reducing uncertainty in business companies and providing purpose to the SBUs. A business plan includes the customer, the product and means of production, together forming a consistent and well-organised entity (Normann, 1976). Business plans are especially used in small and medium-sized enterprises in the service sector.

A business plan includes the following elements:

1. **Markets.** The needs of customers are the starting point of the operation. The management of the organisation should identify and get to know its customers.

2. **Product.** The product should meet the needs of the customer. The management should consider what solutions the product can offer to the customer, or the quality of satisfaction it can deliver.
3. **An organisation's means of production.** The innovative use of technology, resources, marketing, decision making and expertise matches the product to market needs.

A business plan is a simple and concrete way to define the requirements of the markets, what is required from the product and what is the internal production system. A business plan can be arrived at by simply answering the questions: whom, what and how? This provides a concrete system for planning the business, and it may develop gradually, according to ongoing practical experience of the work.

An advantage of the business plan is its simplicity, compared to more extensive planning systems such as complete strategic planning. Strategic planning involves taking an overview of a whole organisation, its place in its environment, its values and culture, its key purpose, its direction and its strategic choices for a better future (Middlewood and Lumby, 1998 and Bush and Coleman, 2000).

Small organisations typically have a single business plan. Larger organisations may have many different business plans, which may also be at different stages in their life cycles. A business plan adapts to its environment and becomes gradually more efficient in practice. A business plan develops little by little towards its final form.

The thinking of a business plan does not reach far to the future. It adapts to the markets of the present and near future. The implications of a business plan for the future relate to the life cycle of the product. An organisation could be defined as a portfolio of business plans and their projected future development. In this sense the business plan concept relates closely to strategic thinking.

SBU's may consist of activities across the entire value chain, including innovation, planning, marketing, distribution and after-sales operations. The concept of the business plan can be used to define more accurately the activities in the value chain of an SBU. Such an SBU has its own products and strategy (Porter 1980, 1990; Kaplan and Norton 1996, 2001; Kettunen 2002, 2003 and 2004). Each SBU may include many business plans. A large organisation can achieve synergy through the sharing of customers or support units across the SBU's.

A large organisation may include many different SBU's. The SBU's may, in turn, have customers from different geographical areas, and from various age or occupational groups. The funding of the SBU's may vary. The SBU's can classify their clients according to lifestyle or status, such as employment, habits or organisational level.

The respective roles of SBU's should be clear and well enough defined to differentiate the units from each other. Each SBU has its own specific competitive advantage (Porter, 1990). Therefore the clear definition of business plans and SBU's help the organisation to plan differing strategies for its units.

Types of Activities in Continuing Education Centres

Conferences: The business plans of conferences and short seminars are based on their educational product, embracing themes of current interest and with a large number of participants. Typically the marketing is efficient, planning is high quality, venues and arrangements are excellent and the costs are high. HEIs also have private competition, such as the Institute for International Research (IIR), which is a global knowledge and skills transfer company with a network of 47 companies and 112 operating units.

The themes of conferences need to be carefully selected. It is important to find topical themes that can attract a widespread audience. The contents of the conferences are carefully tailored to suit the current interests of the participants. The organisers have to follow the latest global trends in literature and education. The topics of current interest may have a rather short life-cycle, therefore correct timing is extremely important.

The majority of participants are drawn from the management or executive levels of companies and other organisations. The aim is to find 60-120 participants for a conference. The target group is carefully selected, because attracting plenty of participants from middle-management level helps to meet the financial goals of the conference. If the target group were all senior managers, the number of participants would be insufficient.

Conferences are often scientific meetings, where the expert knowledge may be the product of universities, research institutes or other specialist organisations. Another type of conference has a more practical orientation, with presentations by highly esteemed professionals from the working sector. The duration of a conference is typically 1-3 days. Conferences are similar to short courses. The difference is that short courses are longer than conferences, and will usually have several different sessions.

The marketing of conferences and short courses is important, as they generally receive no public funding. The education market has to be taken into account, since the participants pay their own fees. Direct marketing is the most important method. The seminars must have practical content using plenty of examples. For this reason plenty of high level experts from the working sector are employed as lecturers. These speakers are often more attractive to a general audience than academics.

Careful and detailed planning of conferences and short courses is important. The programmes of conferences have to be planned individually. Only rarely can the same programme be repeated in the same form. The time given over to each speaker is normally up to one hour, including discussion. The aim is for excellence, to provide high quality

presentations and to avoid poor ones. It is also necessary to acquire written material from the speaker in advance, in as complete a form as possible.

A typical venue is not an ordinary classroom but a luxury setting. Usually the best hotels or other venues with top facilities are used. Good services with excellent meals and refreshments contribute to the sense of exclusivity and high quality of a conference. Often there are exhibitions available related to the conference topic.

All arrangements should be excellent. It is important that the organisers carefully coach the speakers before their presentations. The speakers should keep to the timetable, encourage discussion and allocate enough time for it. It is often beneficial to arrange meetings with the speakers to put the finishing touches to a programme. Conferences are prepared and finished in detail. It is therefore important to take good care of the speakers, including all necessary communication beforehand.

The daily rate of a conference is rather high compared to the fees for longer educational programmes. One reason for this is the detailed planning required. The other reason is high quality and efficient marketing, creating demand for the conference in order to maintain the high price.

Long Educational Programmes: Long educational programmes include well-known educational brands such as the Master of Business Administration or the Professional Development in Public Administration. These programmes are targeted at individual students or as in-house training for groups from large organisations. A typical long educational programme has a new group every year.

Scientific and professional knowledge is utilised in long educational programmes. Professional knowledge is obtained by combining education and on-the-job training. The participant's own goals and the activities of the working community should dovetail together. Development projects are applied to the participant's practical work, organisation or customer relations. There is usually a mentor supporting concrete problem solving at work and a tutor provided by the continuing education centre. Studies are pursued through a personalised and flexible study plan.

Long educational programmes increase demand for conferences and short courses, since the latter can act as parts of longer educational programmes. At the same time, attractive short courses lure people and convince them to begin studies in long programmes. Long educational programmes imitate the model of the degree programme, where the courses and research add up to the degree. Hence long educational programmes are very similar to degrees even though they have not obtained the official status of a degree in Finland.

Long programmes provide possibilities for life-long learning. One short course after another does not necessarily encourage life-long learning, if the courses do not add up to an overall programme which is valuable in the labour market. Long courses strengthen the professional standing of the participants and hence their position in working life.

In-house training has become important, because lecture-based courses have less credibility among business clients than more action-based workshops and seminars. Thus the providers of in-house training have become facilitators, advisers, trainers and consultants working in a variety of settings. These roles are time-consuming, since they require detailed and careful negotiation with the client about the objectives, processes and forms of education. Long educational programmes enhance and maintain the professional competence of the participants. Learning is usually of better quality in long programmes than in conferences and short courses. The most ambitious goal of a long educational programme is to make changes in participants' practices and activities; to not only deliver new knowledge, but also change the thinking of participants.

The networking between participants is better in long programmes, because longer periods of study help the participants to learn from each other. A long educational programme can also increase co-operation between different units of a continuing education centre, since the joint efforts of various units are needed to achieve the targets of the long programme.

The objectives of long educational programmes reflect the professional and scientific aspects of continuing education. Long educational programmes increase the profile of continuing education centres and give them a remarkable competitive advantage over non-academic training institutes.

Employment Training: The amount of employment training (labour market training) depends on the number of unemployed persons. In the late 1980s the unemployment rate was low in Finland, but it increased rapidly during the economic recession of the 1990s. During the 1990s employment training accounted for one third of all training given, but this proportion decreased as the unemployment rate fell.

Typically, employment training at universities is targeted at university graduates, but there may also be other participants. Employment training is targeted at those who are unemployed or at risk of unemployment. Immigrant training is targeted at immigrants from Russia and Estonia, as well as many other countries.

The programmes are often occupation specific and include, for example, themes related to the updating of

professional knowledge, information and communication technology and career guidance. Employment training is also provided to immigrants. Immigrant training includes, for example, language education, culture, career guidance and occupation-specific subjects. The typical length of a programme varies from a few months to a year.

The central government adjusts the funding of employment training according to the unemployment rate. Therefore the amount of employment training must be planned to fit to the budget. The majority of the staff are not permanent. They may have permanent jobs elsewhere and be on a leave of absence.

Central government funds employment training in Finland. The regional employment and economic development centres invite bids and make the funding decisions. The cost per day of a student is the official basic guideline. The competitive advantage of an educational institution is greater when the education is cost effective. Consequently there is tough competition between educational institutions that keeps the cost per student relatively low.

Overall cost efficiency is the functional policy of employment training. Cost efficiency requires the construction of minimum efficient scale education facilities, and the vigorous pursuit of savings in areas such as research and development, and marketing. A great deal of managerial attention is necessary in order to achieve the competitive advantage of cost efficiency.

The low-cost approach provides substantial entry barriers in terms of cost advantages or scale economies for those units who have achieved the cost efficiency. A low-cost position defends the organisation against competitors. Once it is achieved, the rewards can be reinvested in new equipment, facilities and expertise to further maintain cost efficiency.

The low-cost approach is achieved in employment training by using in-house teaching staff. In-house staff are used, because faculty teachers are typically not available. The management of visiting teachers attracts costs and is usually more expensive. This may require maintaining a wide range of related courses, in order to spread costs and serve all the major customer groups to build sufficient volume.

Low-cost education does not mean developing programmes which are significantly better than others. The target is not to provide the highest quality, but to produce a low-cost product, of sufficient quality. A low-cost strategy means to develop an educational product that is truly simple to produce, having a low price and ultimately a high market share.

The Open University: The main principle of the Open University is that education is open to all students. No prior education is required and no formal entry examinations are arranged for the applicants. There is an enrolment period for new students. The selection of students is carried out on a first come, first served basis.

The Open University provides education to all age groups. In Finland, however, most students are from the younger age bracket and this proportion of young people has increased since the 1990s. One motivation for young people is that they can utilise the courses studied at the Open University in the degree programmes at polytechnics and universities. Young people speed up or broaden their studies at the Open University. About three quarters of the students are women.

The courses of the Open University are equivalent to basic faculty courses. The main subjects of the Open University are pedagogical studies, humanities and social sciences. These are subjects which account for only a small proportion of the market-led education sector. The amount of management, leadership and business administration training is very limited at the Open University. These are subjects that attract plenty of market-led demand from private companies, as well as from the public sector. There are plenty of programmes available in these areas, paid for by the participants or their employers. It would then be unwise to offer education in these subjects at the expense of other good earning opportunities.

Only a small proportion of applicants can enrol as students at the Open University, since there are so many who apply. One reason for the high demand is that low fees are stipulated. Therefore marketing plays only a minor role. Much more important is the great cost efficiency of the Open University, and the wide range of courses it can provide.

The Open University is mainly funded by central government. Only modest fees are collected from the students. The Ministry of Education regulates the funding and participation fees. The success of the Open University is based largely on the combination of a focus on specific subjects and cost effective management, which is an important strategy for achieving competitive advantage.

Research and Development: Research and development serves education and presents new research in reports, scientific articles and seminars. The production of learning material has a service function, which is directly linked with education. The learning material may include textbooks, working papers, other printed material and computer software. Research and development can produce new innovative products for education.

Who are the customers of research and development? In the public sector organisations the customer receives the

service, while the funding body provides the financial resources. The Finnish funding bodies include, for example, the Finnish National Fund for Research and Development (SITRA), the National Technology Agency (TEKES), employment and economic development centres, ministries, regional councils and municipalities. The private sector includes foundations, publicly funded development organisations and companies.

Research and development supports regional development and working life. Finnish HEIs have been active in the implementation of regional strategy together with the municipalities and other local organisations such as the regional employment and economic development centres, regional councils and chambers of commerce. The members of continuing education centres cooperate in local networks where they support the development of the region.

Research is one of the main activities in higher education, along with teaching and support activities. Commitment to research and the ability to obtain considerable sums of money for externally funded research is what distinguishes a university from other educational institutions. The amount and quality of research activities have become crucial performance indicators in the university sector.

The products of research and development increase the profile and image of the continuing education centre. Therefore it is important to produce research reports for publication by the continuous education centre. A good research report acts like an advertisement, showing the tradition and research potential of the centre. Finishing touches are important and enough time should be allocated for them.

Education is also an important tool in building and maintaining the competence of the experts of continuing education centres. Making full use of existing practical and scientific knowledge is not, however, enough to maintain high academic quality. The renewal of knowledge rests on the ideology of a learning organisation (Pedler *et al.*, 1991; Garratt, 1987 and Argyris, 1992). The learning organisation uses the learning ability of the staff effectively, constantly renews their expertise and increases their level of knowledge.

For centuries, universities have had two main functions, namely the creation of new knowledge, and teaching. Education is the core activity of a continuing education centre, but there is also a need to invest in the competence of employees and renew the educational content. The objective of research and development is to broaden and enhance professional and scientific competence. The enhancement of research and development ensures, for example, that the targets of long educational programmes can be achieved.

The following courses of action are important for research and development projects:

1. The supervisor should have a doctorate to guarantee the quality of research. It is often advised that the supervisor comes from within the organisation, because supervision is also a learning process, which increases knowledge and develops the concept of the learning organisation.
2. The productivity of research depends on how previous findings can be used in a new project. The researcher can apply the same or similar methods as previously used to a new problem, or a fresh set of data. On the other hand, the researcher can study the same area of interest using new methods and data.
3. Researchers often cannot avoid other tasks during their research projects in continuing education centres. Researchers are needed in the planning and implementation of educational projects. Customer relations also need to be taken care of during a research project. At the very least, the researchers should attract and organise finance for the next research project.
4. The researcher should complete the research project within the time limit of the study.

Research and development produces results, methods and products that can be used in process consulting and supervision. Careful homework must be done before the results can be applied in practice. Research and development can generate flexible and versatile concepts for organisational development. Consulting is typically client centred and it is targeted at an organisation or a network of organisations. The consultant's advice is usually carefully tailored to meet the needs of customers.

Conclusion

Traditionally, the basic education that leads to a degree has been free of charge in Finland, as policy makers have seen it as an essential characteristic of the welfare state. Nowadays the view is that whoever benefits from education should take more responsibility for the expenses. Business-oriented thinking is emerging at continuing education centres. The share of commercial income is greatest at the schools of economics and business administration and the universities of technology, because their primary customers are companies, who have the strongest purchasing power.

When continuing education centres were founded, the co-operation was such that the university faculties were responsible for the teaching, and the continuing education centres were responsible for the planning and management of educational programmes. The role of continuing education centres has changed from the management of seminars, conferences and short courses and implementation of Open University into development-oriented activities. Learning methods have been developed for adult education and the activities have

diversified.

This study has presented business plans for continuing education. The first group consists of conferences, seminars and short courses. Another type of business plan is for the long educational programmes of continuing education. Those of employment training and the Open University are based on the strategy of focusing on specific market segments and organising activities cost effectively. The last business plan covers research and development, and consulting.

Each of these activities has its own business plan relating to markets, products and production methods. If the business plans and activities are well developed they can be organised into an SBU. The SBUs can achieve synergy through the sharing of support units across the SBUs. The continuing education centre is typically a department of the university and it consists of the SBUs and support units.

References

- Ames, C. B., 1989. How to Diverse a Winning Business Plan, *The Journal of Business Strategy*, 10:30-36.
- Argyris, C., 1992. *On Organizational Learning*, Cambridge, Massachusetts: Blackwell Publishers.
- Bush, T. and M. Coleman, 2000. *Leadership and Strategic Management in Education*, London: Paul Chapman Publishing.
- Drucker, P., 1959. Long-Range Planning Challenge to Management Science, *Journal of the Institute of Management Sci.*, 3:238-249.
- Garratt, B., 1987. *The Learning Organization*, London: Fontana / Collins.
- Fry, F. L. and C. L. Stoner, 1985. Business Plans: Two Major Types, *Journal of Small Business Management*, 23: 1-6.
- Honig, B. and T. Karlsson, 2004. Institutional Forces and the Written Business Plan, *Journal of Management* 30:29-48.
- Kaplan, R. S. and D. P. Norton, 1996. *The Balanced Scorecard*, Boston, Massachusetts: Harvard Business School Press.
- Kaplan, R. and D. Norton, 2001. *The Strategy-Focussed Organisation*, Boston, Massachusetts: Harvard Business School Press.
- Kettunen, J., 2002. Competitive Strategies in Higher Education, *J. Institutional Res.*, 11:38-47.
- Kettunen, J., 2003. Strategic Evaluation of Institutions by Students in Higher Education, *Perspectives: Policy and Practice in Higher Education*, 7:14-18.
- Kettunen, J., 2004. The Strategic Evaluation of Regional Development in Higher Education, *Assessment and Evaluation in Higher Education*, 29:357-368.
- McKenna, J. F. and P. L. Oritt, 1981. Growth Planning for Small Business, *American Journal of Small Business* 5:19-29.
- Middlewood, D. and J. Lumby, 1998. *Strategic Management in Schools and Colleges*, London: Paul Chapman Publishing Ltd.
- Normann, R., 1976. *Luova yritysjohto*, Espoo: Weilin & Göös.
- Pedler, M., J. Burgoyne and T. Boydell, 1991. *The Learning Company, A Strategy for Sustainable Development*, London: McGraw-Hill Book Company.
- Porter, M. E., 1980. *Competitive Strategy: Techniques for Analysing Industries and Competitors*, New York: Free Press.
- Porter, M. E., 1990. *The Competitive Advantage of Nations*, London: MacMillan.
- Robinson, R. B., J. E. Logan and M.Y. Salem, 1986. Strategic versus Operational Planning in Small Retail Firms, *American J. Small Business*, 10:7-16.
- Varmola, T., 1996. *Markkinasuuntautuneen koulutuksen aikakauteen?* University of Tampere, *Acta Universitatis Tamperensis*, ser A 524.
- Timmons, J. A., 1980. A Business Plan is More Than a Financing Device, *Harvard Business Review*, 58:28-34.
- Tuomisto, J., 1998. Keskitetystä aikuiskoulutussuunnittelusta markkinoiden ohjaukseen - ja takaisin? *Aikuiskoulutus* 18:268-280.