

## Making Fee-For-Service a Viable Option for Your Career Center

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## Today's Objectives

1. Defining "fee-for-service" as a revenue generating mechanism
2. Identifying working FFS modules; share examples
3. Assessing your One-Stop's readiness to launch FFS

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## Defining Revenue Generation

- Services paid for by federal, state or local grant funds other than those that the agency receives from WIA or Wagner-Peyser.
  - Direct "discretionary" grants from education, welfare, housing or military downsizing programs to provide special services for particular clients.

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**Defining Revenue Generation**

- Services paid for by "3rd party" public or private organizations.
    - The state's welfare agency pays to provide assessment or placement services for welfare recipients.
- **"wholesale" fee-based service delivery**

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**Defining Revenue Generation**

- Services paid for by the individual job seeker or employer who receives the service.
    - Private employers pay agency to provide special training for the firm's incumbent employees.
    - Job Seeker pays for computer literacy skills.
- **"retail" fee-based services**

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**MAJOR ISSUES - EXTERNAL**

- DEFINING "AT NO COST TO THE CUSTOMER" vs. "FOR A FEE"
- RESEARCHING THE COMPETITION (& WHAT'S POLITICALLY OK TO PURSUE)

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**MAJOR ISSUES - INTERNAL**

- RELATING IT TO THE AGENCY'S MISSION:
  - WHY ARE YOU DOING IT?
- PREPARING THE ORGANIZATION:
  - ADAPTING TO A "BUSINESS MENTALITY"
  - STAFFING THE SERVICE DELIVERY
  - FISCAL TRACKING AND ACCOUNTING

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**CareerPoint "Issues"**

- Changing Organizational Culture
- Energizing Staff
- Identifying the Impact on Organizational Structure
- Dedicating Resources to FFS without "Double Dipping" into Grants
- Staff Development - "None of Us Know What We're Doing!!!"

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**ARE YOU READY?  
(or at least close?)**

- 1) What's your motivation?
  
- 2) Do you know who your potential paying customer could be?
  
- 3) What kinds of new or enhanced services would your customers want that your organization cannot offer with current resources?

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**ARE YOU READY?**  
(or at least close?)

- 4) Are the services you're thinking about related to your overall mission and goals?
- 5) Are your systems/structures (i.e., fiscal) prepared to handle "non-grant" income?
- 6) Will your WIB approve?

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**ARE YOU READY?**  
(or at least close?)

- 7) Does your organization currently have a positive image and credibility:
  - with your current customers?
  - with the delivery of your existing FREE services?
- 8) Do you know what your staff's concerns are?
- 9) Do you have the capacity and expertise to provide services?

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The Mission/Money Matrix<sup>1</sup>

		CUSTOMER NEED				
		CRITICAL NEED 5	SUBSTANTIAL NEED 4	NEEDED 3	SOME NEED 2	VERY LITTLE or NO NEED 1
P O T E N T I A L  R E V E N U E	SUBSTANTIAL PROFIT 5	DO	DO	DO	DECIDE	DON'T
	SOME LEVEL OF EXCESS REVENUE 4	DO	DO	DECIDE	DON'T	DON'T
	COVER COSTS 3	DO	DO	DECIDE	DON'T	DON'T
	SOME LEVEL OF DEFICIT 2	DECIDE	DECIDE	DECIDE	DON'T	DON'T
	SUBSTANTIAL DEFICIT 1	DECIDE	DECIDE	DON'T	DON'T	DON'T

<sup>1</sup> Adapted from the Mission/Money Matrix® developed by the National Center for Non-Profit Boards as printed in: "Merging Mission and Money: A Board Member's Guide to Social Entrepreneurship" by Jerry Roschke, 1998.

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**Steps for Implementing FFS...**

- Step 1. Get comfortable with the concept.**
- Step 2. Develop a vision.**
- Step 3. Decide what services to offer.**
- Step 4. Prepare your organization.**
- Step 5. Develop a Business Plan.**
- Step 6. Develop a Marketing Plan.**
- Step 7. Move from Planning to Doing.**

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**Steps 1-2: Comfort & Vision**

- Involve **all key** staff (and the WIB) in the planning stages – no surprises!
- Establish policies designed to create a comfort zone for management and staff
- Refine your vision by assessing your readiness

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**Steps 1-2: Comfort & Vision**

**SWOT ANALYSIS:**

**Internal Forces**

- Strengths
- Weaknesses

- Maximize internal strengths to capture external opportunities.

**External Forces**

- Opportunities
- Threats

- Minimize internal weaknesses to overcome external threats.

**Then, refine your vision/mission**

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### Steps 1-2: Comfort & Vision

CareerPoint's Process:

- Solicited Buy-In From Staff, Board, and Community
- Used All Available Local Resources
- Explored Marketing/Business Plans
- Revisited CP Mission, Vision, and Philosophy
- Asked Our Customers!!!

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### Step 3: Planning the Service Mix

- Determine your expertise.
- What are the "in-demand" services?
- Assess customer interest in or ability to pay for services.
- Conduct a feasibility study.
- Evaluate the competition.

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### Step 3: Planning the Service Mix

CareerPoint's Process:

- Employer Focus Groups
- "Market Research" (Of the non-intimidating kind...)
- Organizational Analysis: What Can We Offer Right Now?
- What Does Our Staff **Want** to Do?
- Repeat After Me: "Planning Never Ends"

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**Step 4: Be Prepared!**

- Structural Needs:
  - Same organization umbrella or new subsidiary? By-Law changes needed?
- Staff Needs:
  - Changes to the organizational culture
  - Staff development
- Fiscal Needs:
  - Accounting and reporting systems

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**Step 4: Be Prepared!**

- CareerPoint's Process:
- Identified Operational Issues
  - Honed Fiscal Systems
  - Instituted a Marketing Budget
  - Created Reporting Process
  - Launched Staff Committees
  - Offered In-Service Training

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**Steps 4-5: The Business Plan (including Marketing)**

- A description of what products and services you plan to offer.
- Present status of your products and services.
- Immediate short term business goals.
- A profile of your target market.
- An outline of your marketing plan
  - Product, Price, Place and Promotion.

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### Steps 4-5: The Business Plan (including Marketing)

- Outline of operational procedures:
  - **how** will you provide your fee-based services, what staff and resources you will need.
- A pricing strategy for your services to at least break even.
- Where services will be provided, how they will be distributed.
- Financial projections (3-5 yrs).

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### Step 7: Putting the Plan to Action

- **Follow the Business Plan as a guideline.**
- **Avoid getting caught up in plan revisions.**
- **Be adaptable to changing market conditions.**
- **Give the plan a fighting chance.... don't give up the ship!**

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### Step 7: Putting the Plan to Action

- CareerPoint's Tips:
- Support the Process
  - Embrace the "AFGO"s
  - Go After Repeat Customers and Testimonials
  - Celebrate (and Publicize!) Your Successes
  - Keep Pushing the Envelope: Be Open to New Ventures and New Risks

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### LAST THOUGHTS

- Start with what you are already good at and build from there.
- Look at what requires little start-up costs.
- Include your staff and governing board in planning you services: get buy in!
- Think about staff development needs.
- Cover your audit bases.

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### DO SOMETHING.....

*"You will never have the resources you need....."*

*a pretty good plan executed with passion today will always defeat a perfect plan tomorrow."*

(Jerr Boschee, "Merging Mission and Money: A Board Members Guide to Social Entrepreneurship", National Center for Non-Profit Boards, 1998)

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