

Innovation and Business Efficiency New Products, Services & Approaches to Help Maximize ROI

Moderator

Mark Hammer, VP Marketing, Compass Learning

Presenters

Barry Lippman, LearningExpress

Michael Ross, Encyclopedia Britannica

Burck Smith, Smarthinking.

The discussion revolved around “innovation” in business practices and company infrastructure as it compares to product and market innovation.

Barry Lippman of Learning Express spoke first. The company markets to three-fourths of the high school graduates who don't get a college degree. Lippman reported that the company's utilization of efficiencies and innovations—moving from books to CDs to the internet—has helped it grow 20-25% per year since 1995. Presently, the company isn't only selling books but also doing online testing, which became possible through innovation in delivery of products. Lippman found it necessary to focus on moving from the low-margin book model to the high-margin internet model in a subscription-based model.

Lippman urged producers to consider two things: 1) Whether or not a need for the product/innovation exists and 2) whether or not a business model for the product exists. Companies should constantly monitor the technology world and adopt its business model accordingly. Learning Express, Lippman concluded, will move forward by entering the international market.

Michael Ross, the senior vice president and manager for Encyclopedia Britannica began by recalling the ways innovation strategies have changed in the company's long history. They have had to do a lot of innovation and change, inevitably making mistakes along the way. Ross said that the company does not look at past strategies to determine future courses of action; they started with a clean slate when they went to CD and then to the internet. He advocated moderation—a company can't do everything, so it should stick to what it does well and then apply new technology to that rather than conform to a pre-established mold. With regards to technology innovation, a company should first determine the nature of the problem it is trying to solve and then find the best software available to solve it. Always start fresh, he advised, in order to get a better product.

Burke Smith, who spoke next, is the CEO of Smart Thinking, an online tutoring company founded in 1999. Smith, whose company primarily markets to colleges, asserted that while technology has huge potential in the education industry, service delivery is the most crucial change needed at this time.

Smart Thinking aims to close what Smith calls a “hole” in education: most technology produced is content-oriented, but insufficient training and delivery are what characterize the industry's biggest weaknesses and represent consumer needs. The question of how to expand the company's consumer base to K-12 represented a major challenge. Innovation would require breaking out of the institutional model and entering a new sales channel.

Q&A:

What do your companies do best? Ross replied that his company looks hard at itself. It creates the best editorial content on the planet. Delivery is just a changing factor for Britannica; although the delivery must be strong, accurate content is the most important variable. Lippman responded that LearningExpress is a service company that successfully adapts to customer trends and needs.

How did you come up with the right pricing structure for your product? Smith said that SmartThinking constantly experiments, determining both how the product could be used as well as the correct pricing model. Using this approach, the product may be sold with different models for different customers.

How do you price your products? Ross praised the subscription model, which is working well for Britannica and for the consumer, the school and library model. Their continued commitment to content enables them to increase price slightly, although they are finding it hard to add more and charge more. It is almost expected that they must add new things without charging more. They are mindful of the maximum people will pay. Ross said that although statewide deals are not always profitable, such deals can help a company introduce a new product and subsequently act as a springboard for other products.

No Child Left Behind opened market for tutoring—did you take advantage of it? Burke reported that although his company received approval, it experienced structural problems. He described NCLB as a difficult, highly fragmented program in which to get involved, one that required too many internal processes in order to meet qualification standards.

In response to a final question regarding the structure of the panelists' businesses (and how best to address different education markets), Lippman responded that the selling process is different. Sales teams use a different mindset-- different people, approaches and pricing methods (different based on the specific market). Burke said that online education is changing how colleges have to address this because students can purchase online education as well. High schools, alternatively, don't have the same dynamics so companies have had to change their selling strategy. They hope this will change like it did for higher education.