

JOINT VENTURE STRATEGY FOR LEADING NON-PROFIT FOCUSED ON JOB TRAINING AND PLACEMENT



IN A NUTSHELL

Basic client question:

Can we increase our ability to deliver on our mission by engaging in a joint venture with a complementary staffing agency?

IMPACT recommendation:

The client should create a joint venture with a non-profit staffing agency in order to provide a full suite of offerings to both individual workers and client companies. Success of the joint venture agreement would require a tiered-pricing model, financial action plan, and a strong marketing communications plan. It would also require careful evaluation of change management, implementation timeline, and future growth considerations.



EXECUTIVE SUMMARY FOR PROSPECTIVE CLIENTS

The top-ranked regional affiliate of a national non-profit focused on job training and placement hired the IMPACT team to evaluate whether or not a joint venture (JV) with a staffing agency (NPSA) would enable them to increase revenue, which in turn would allow them to increase the number of people they serve. The client also asked the team to outline the likely critical success factors of the proposed joint venture. After conducting a market/competitive analysis, the team concluded that a JV would be beneficial to both organizations, the people they serve, and the customer companies who hire those people. Unlike their competitors, the JV would be a one stop shop for the full suite of job training and staffing services. A willingness to pay analysis showed that a carefully-considered tiered pricing model, supported by a thorough and thoughtful marketing plan focused on educating customers on the JV's unique value-add would allow it to charge for various services. The team also advised the client that active change management in people, process, and technology would be key to success, as well as realistic expectations around the implementation timelines and future revenue growth opportunities.



BACKGROUND

A regional affiliate of a national organization whose mission is to put people to work to help them transition from poverty to self-sufficiency. The client operates 67 retail stores and 55 donor centers in 45 counties in North Georgia. Profits from these operations are used to run 13 free-to-public career centers, which recruit, train, and find employment for individuals disabilities, veterans, returning citizens / justice-involved youth, people receiving public assistance, and other barriers that keep people from being successful in the workplace. The client ranks first in placements in the country, having placed 27,000 people in jobs in over 7,000 companies in 2019 alone.

The client's exemplary focus on and dedication to its mission led it to look actively for opportunities to diversify and increase revenue streams in the hopes of helping even more people train for and find employment. With retail operations funding 100% of their employment-related activities (neither individuals nor companies pay for the client's services), client executives were considering a joint venture in part as a way to increase the amount of money available for these activities. The joint venture would start charging fees to companies for training workshops and staffing services. They identified a potential partner - the nation's largest non-profit staffing agency (NPSA) headquartered in Atlanta. NPSA was a top 10 agency with a 98% staffing fill rate. Additionally, 95% of NPSA job seekers were asked to return to employers.

The client hired IMPACT students to analyze whether or not a joint venture with NPSA would enable them to achieve their goals in North Georgia and possibly serve as a blueprint for success in other regions in the US.





RESEARCH & ANALYSIS

The IMPACT team started by analyzing the \$7B staffing market in North Georgia, a complex competitive space with many different firm sizes, industry sector specializations, and customer bases. They found that none of the top staffing firms offered a full suite of employment services – some offered primarily job training and career coaching, while others focused almost uniquely on staffing services. The client was the recognized leader in many areas, including training, coaching, certifications, and community development, but they lacked an offering in staffing services. NPSA was the leader in staffing services, but offered minimal or no programs in other areas. A joint venture that combined the offerings and capabilities of both would stand out to both individual and customers as a highly desirable one-stop shop.

The team determined that a successful joint venture would require detailed planning and managing in 6 key areas:

- **Pricing** - A willingness to pay analysis among the client's current customer base demonstrated that 87% would be willing to pay small fees related to a job website and job fairs, but only 9% would be willing to pay more for targeted social media marketing and skill matching services, and 4% would pay even more for candidate screening services, job readiness training, and customized support. Accordingly, the team recommended a tiered-pricing model.
- **Financial action plan** - The team calculated break-even in each tier would be achieved in two years and possibly sooner with additional marketing efforts focused on educating customers about the value-add of the new services. They recommended the JV split profits between the two entities based on a cost allocation analysis.
- **Marketing communications plan** - The team determined that educating the 7,000+ plus existing customers on the value-add of the joint venture would be extremely important. They recommended emphasizing three key points: the standalone success of NPSA, convenience of a one stop hiring shop, and the gratification of doing business with a non-profit, mission-driven organization.
- **Change management** - The team urged the client and NPSA to focus upfront on people, process, and technology when creating the joint venture. Empowering people with clear roles and responsibilities, making coordination easier through the adoption of apps such as Tempworks, and regular/frequent information sharing processes were all important areas to consider.
- The team argued that long-term success of the JV would depend on its ability to communicate, adapt, and create a culture of growth over time.
- **Future growth opportunities** – The team recognized areas for new, longer-term revenue growth, including recurring business from companies hiring higher-skilled job applicants. They also encouraged the client to consider the joint venture as a test case for possible expansion to other areas where NPSA has a large presence, such as Los Angeles, Nashville and Philadelphia.



SUMMARY RECOMMENDATIONS

The IMPACT team recommended proceeding with creating a joint venture with NPSA in order to offer a full suite of employment services to existing and new customers. By expanding the offerings in this way, the team believed the JV will be able to increase and diversify revenues that could be invested back into other activities that benefit people. They recommended a tiered pricing model, tailored to customers' willingness to pay. They also determined that clear, concise external marketing messages about why customers should choose the JV over other options would be critical to success, as well as clearly defining roles & responsibilities and internal processes that ensure information transfer and transparency between the two parent entities.

