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Business Link Information Pricing Policies - the Way Ahead

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Biography

M. E. Burke is a Senior Lecturer at the Department of Library and Information Studies, Manchester Metropolitan University, UK, where she holds the role of Deputy Course Director for the undergraduate course. In addition her main responsibilities are for Management and Business Information, areas in which she had published a variety of articles and presented papers at several international conferences. In addition to her first degree in Library and Information Studies, she holds a postgraduate diploma in Management Studies and was awarded the MBA by the Open Business School. She is also a member of the Institute of Management, Honorary Secretary of the Library Association's National, Personnel, Training and Education committee and an Associate of the Library Association.

Joanne Rigby has recently completed the postgraduate diploma in Library and Information Studies at Manchester Metropolitan University. She was awarded her first degree at the University of Liverpool in English and Communication Studies. After two years experience working in public libraries she moved to Business Link Oldham as an Information Officer. Currently she is working at the recently opened Business Link Bolton & Bury where she is setting up the Business Information Service.

Abstract

This paper discusses the planning and research undertaken at Business Link Oldham in order to successfully introduce a charging structure to the Business Information Service. The project began with a preliminary literature search and was followed by a comparative analysis of other local Business Link's pricing lists. Research was carried out to ascertain customer reaction towards the implementation of a fee-based service. The results of these activities assisted in the drawing up of a feasible pricing list and strategy for introducing a charging policy for new and existing customers.

Introduction

The Oldham Business Information Service (OBIS) was set up in 1993 by Oldham TEC (Training and Enterprise Councils) to meet the information requirements of local businesses. The service was funded by the TEC and was therefore free to all enquirers. The only charges to be passed onto the client were reports obtained from on-line company searches.

A comprehensive business reference library was established containing standard product and company directories which gradually grew to hold a range of material necessary to carry out the incoming enquiries. Initially two information officers managed the service and the team expanded to three as the number of enquiries increased. Enquiries were taken by telephone, fax, letter or by personal visits. The majority of enquiries received took on average 15 minutes to answer, however several enquiries each week were received which required more in-depth research. OBIS's policy was to complete all enquiries within 48 hours.

OBIS was well known amongst local businesses and its reputation as the provider of an accurate and efficient service meant that over 300 enquiries were received each month.

In October 1995 the TEC merged with Oldham Chamber of Commerce and became known as Oldham Chamber of Commerce, Training and Enterprise (OCCTE). This came about after Michael Heseltine, the then President of the Board of Trade, appealed to central and local government bodies, intermediaries and agencies to form partnerships in the hope that the merged individual knowledge and expertise would create a business support network. The second stage of Oldham's merger was to set up a Business Link in following with the DTI's directive for the provision of a single accessible point of contact for small and medium sized enterprises (SME's) to receive advice and information.

Business Links are required to provide several core services, one being an information service, and it was decided that OBIS would become the Business Link Information Service (BLIS).

Business Links are funded by the DTI for the first three years of their existence. The target for each Business Link is to become self-financing within this three year period.

The information service is perceived by the DTI as the main income generator and the Business Link Guide to Services set down the following directives:

"They (Business Links) must be run by business for business, and it must be clear to customers that this is so. And if they are providing services that add real value, they should be ready to charge for those services where it is reasonable to do so." (1)

The aim of the Business Link Information Service is to produce a high quality service which will equip local businesses with the knowledge they require to prosper and grow. To continue to provide such a service and to increase the range of resources available was considered necessary for charges to be introduced. A pricing policy needed to be implemented which clearly defined the objectives of BLIS regarding income generation and provided a feasible list of charges for the various services.

The scope of this research then, was to assess the Business Link Information Service and produce a pricing policy. The research also covered the issue of how to introduce the charges to clients and how best to deal with the problems arising from this. This paper covers the early stages of research which included a preliminary literature search, a comparative analysis and a short-term research project.

An initial literature search was undertaken to gather together previous research and writing on fee-based information services, especially work relating to Business Links. The material obtained was used to help formulate the pricing policy and foresee the problems of introducing the fee-based service. A comparative analysis was made of the charges other local Business Link's were making in order to arrive at a competitive yet feasible pricing policy. A study was carried out over a four week period to test the market and assess how charging for an information service would be received by both regular and new clients.

Changing to a Fee-Based Service

'Whilst it is demonstrable that there is a need for services which go beyond that available from the free sector i.e. public libraries, the step from free to fully commercial is too steep for most SMEs.' Abell, 1993. p.48. (2)

The fact that Business Links have to charge for their information service appears to conflict with the concept of being available as a support for SMEs, and the relatively recent existence of a free service adds to the confusion. There is much to justify the introduction of charges, and these reasons can be used to an advantage in marketing the service. The client must understand that BLIS is providing them with a first-class service at a rate much lower than any independent information consultant. The charge will enable BLIS to offer the very latest in business information with the assurance that all the information is current.

An additional problem is the perception SMEs have of their information needs. Most SMEs only attempt to obtain information which will solve an immediate problem, very few businesses have created an 'information culture' to avoid long term problems and remain competitive. The irony was that most clients on the New Business Support programme would contact BLIS with in-depth research enquiries to obtain maximum market and company information, yet established companies saw no advantage in seeking out such knowledge.

Established companies often rely on industry knowledge from clients, suppliers and industry contacts rather than specialised sources of information. Information is very much perceived as a hidden asset, making the job of charging for it extremely difficult. Therefore BLIS also had an educational role in teaching SMEs the importance of continuously seeking out and absorbing new information.

Further complications arose when attempting to estimate how long a piece of research would take. The clients then needed to be given a reasonably accurate estimate prior to the research being carried out. The only solution to this seemed to be trial and error, with detailed records of each enquiry being made for future reference. Past experience of in-depth research therefore assisted in arriving at a reasonable estimate.

Training

It was important that the switch to a fee-based service was implemented in a professional and uniform manner, as it would be detrimental to allow staff to introduce the charges in a conflicting and contradictory way. To avoid this it was recommended that staff underwent some form of sales training in order to offer a quality information service to clients.

Internal staff briefing sessions were also essential in producing a uniform approach to the introduction of charges.

Whatever form of training was initiated it was important that staff developed a commercial attitude towards the service. The implications of this culture change were far-reaching but it was hoped to install greater confidence within the client and produce more positive results when fees were mentioned.

Payment

Although OBIS had generated some income in the past, i.e. Infocheck and Dun & Bradstreet credit checks, charging for most services would create a huge amount of administrative work for BLIS and for the finance department. Before BLIS launched fully into a fee-based service it was recommended that some satisfactory mechanism for billing the customers was put in place.

In the Business Link Guide to Services the DTI suggested some 'ghost' billings, discounted to zero where the service was free. Another suggestion was to enclose a checklist of actions taken with information products dispatched to customers. Whichever method was employed it was crucial that the proper procedures had been set up and followed.

In order to demonstrate to the client how much time and use of resources had been given to their enquiry it was agreed that a full inventory of the work undertaken would be produced. While it was recognised that this may be very time consuming it would play an important role part in convincing the client of the 'hidden' value of information.

It seemed more practical and professional that a minimum invoice fee was agreed. This would decrease some of the administrative workload of the BLIS team and finance department. It was recommended that the minimum invoice fee would be £10.00, and the pricing policy should reflect this figure.

Negative Outcome

Occasionally staff would undertake an in-depth piece of research only to discover that the information was difficult to locate, or the information was only available through a third commercial organisation. Obviously staff endeavoured to inform the client of this situation prior to work being undertaken, but this was not always possible. The dilemma was whether to waive the fee to the client or to continue with the charge regardless of the outcome. It was recommended that the pricing policy stated that such research would be charged at a 50% discount.

When an enquiry was received the information officer would either provide an immediate estimate or explain to the client that they would ascertain how much work the enquiry would involve and contact them with an estimate. The client was not be charged for the time spent arriving at this decision. Some information services began charging clients at this early stage, however it was thought that BLIS's approach offered better customer service and clients would develop a favourable opinion of the service.

New Business Support (NBS)

Many of the enquiries BLIS receive are from clients on the NBS programme. A member of the BLIS team gives a presentation to each new group of NBS clients to promote the service, and most of these clients will approach BLIS with their information needs. Many of their requests involve in-depth research which will now be subject to charges. It seemed unrealistic to expect NBS clients to pay the same rate as established businesses, and therefore it was recommended that NBS clients were charged at 50% discount for research work.

The advantage of this would be that at full rates NBS clients are unlikely to continue with the request, and BLIS would have failed to provide the advice and information required to help new businesses. At a reduced rate the NBS client is more likely to pay, and BLIS would be fulfilling it's service level agreement.

Recording Client Reactions to Fees

During the initial stages of the introduction of charges it was crucial that all reactions to the cost of information were recorded for future assessment. It

was recommended that a brief staff questionnaire was created for use after each enquiry. Some examples of questions are listed below:

- Type of enquiry.
- Type of enquirer.
- Estimate given to enquirer.
- Was this received positively/negatively?
- Note any comments made about cost.
- Did the client wish to continue with the request?

Although this created even more administrative work for the BLIS team it was a short term procedure which would produce all the information necessary to reassess the pricing policy.

LinkTrack Records

The client management system chosen by Business Link Oldham was LinkTrack. This database managed company records, company contacts and links. It was also a highly effective system for producing management reports and mailshots.

The BLIS team recorded all incoming enquiries on the LinkTrack database. It was important that all records of fee-based work were also recorded in the Links window, this included brief details of the work undertaken and the charge made to the client. These records and the information gathered in the staff questionnaire were invaluable in assessing the success of the fee-based service and in making the necessary changes to pricing or approach.

Liability

Before the pricing policy was introduced it was important that the matter of liability was considered. Once a client pays for the service a contract has been entered into and BLIS is accountable for the accuracy of the information supplied. BLIS needed to ensure that it was covered by professional indemnity insurance.

The Comparative Analysis

Collating the Information

All the Business Links in the North West were contacted to request an information pack and a list of prices for the information service. Several of the Business Links contacted made no charge for desk research, choosing instead to pass on any cost incurred in obtaining the information and for company lists.

Business Link Oldham had made the decision to charge for the '2nd level' of enquiry, therefore the pricing policy needed to include such a charge. It was difficult to arrive at a cost which did not appear too low, and therefore undervalue the information, or a cost too high for local businesses to pay for. The key to arriving at a feasible cost was to calculate the cost of staff and resources.

Calculating the Cost of the Service

A business information officer earning £10,200 could average 20 days of research work each month, and 5 hours each day, (allowing time for other job requirements). That would produce an hourly rate of approximately £8.50. Other costs which need to be taken into account were the resources necessary to answer the enquiries. This included printed material, hardware, software and training. A rough estimate of the cost was calculated as follows:

Reference materials £1500.00 per month

On-line Subscriptions £500.00 per month

General Office Costs £1500.00 per month
(including hardware)

Training £2000.00 per year

Using the same calculations as the staffing costs, the estimate was £36.00 per hour. Business Link Oldham aims to recover a percentage of this cost through the fee-based service. The BLIS team already had enquiry targets to meet and it was recommended that additional targets of income generation were set. During the initial stages of the change over these targets could be reassessed and adjusted accordingly. It was recommended that the target for the first fee-based period will be £500.00.

This target was reached by taking an average period's enquiries and charging a fee suggested by comparative research. Figure 1 shows potential income generation for one month's enquiries.

Potential Income Generated: Month 1

Type of information requested	Number of requests	Cost per item
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	per month	
In-depth research	7 hours	£30
Infocheck snapshot company report	8	£13.50
Infocheck full company report	2	£26
EPRC Aims & Stars (grants and legislation database)	6	£20
Photocopying and fax service	30-40	Total income generated approximately £20

Figure 1

After this first period the information gathered relating to client reactions and the income generated will be analysed to discover the success of the change to a fee-based service.

A Table of Comparative Information Prices

	Business Link Wigan	Business Link	Business Link Chester &
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			Manchester		Ellesmere Port	
	Members	Non-Members	Members	Non-Members	Members	Non-Members
Initial Enquiry	Free		Free		Free	
Free Research	Unlimited		Up to 4 hours free	Up to 10 minutes free	Voucher worth £25.00	Up to 15 minutes free
Desk Research	Free		£30.00 per hour	£40.00 per hour	£25.00 per hour	£25.00 per hour
Mailing Lists	£15.00 per 100 companies		20p per company	30p per company	15p per record plus pro rata admin. fees up to £35.00	
Mailing Labels	£20.00 per 100 companies		22p per company	32p per company	20p per record plus pro rata admin. fees up to £35.00	
Photocopies	8p per sheet	10p per sheet	Information not available		Up to 5 copies free 6+ copies at 20p per copy	
Faxes	£1.00 for first sheet 50p for extras	£2.00 for first sheet 75p for extras	Information not available		£1.00 for first sheet. 50p for each subsequent sheet	
Infocheck Report (Full)	£15.00	£25.00	£25.00	£30.00	£30.00	
Infocheck Report (Snapshot)	Information not available		Information not available		£12.00	
Dun & Bradstreet (Comprehensive)	Information not available		£41.25	£49.50	Information not available	
On-line Searching	£5.00 min	£10.00 min	Prices Vary		Prices Vary	

Figure 2

- Note that Business Link Chester & Ellesmere Port operated a subscription service of £350.00 per year which gave members 50% off each service.
- Business Link Wigan ran an entirely free research service and used a Special Offer Price List to pass costs on to clients.

Competition

BLIS exists to help Oldham businesses, however the ambivalent nature of the boundaries means that enquiries are often received from clients outside the Oldham area. This is acceptable and demonstrates the quality of the information service.

Other competition exists in the form of independent consultants who will often approach BLIS for free research which will be passed on with a charge to their clients. The introduction of fees will eliminate this practice and it is important that staff are aware they are undertaking research on behalf of consultants.

Research Project

Methodology

In order to test the market and produce a feasible pricing policy it was decided that a number of clients would be targeted to be charged for the information service. The study would be carried out over a 4 week period with the aim for each business information officer to introduce the fee-based service to an average of 2 clients each day. It was difficult to rigorously stick to this number as the numbers and types of enquiries differed each day. With 2 information officers working 5 days each week it was estimated that 20 clients would be reached each week, with a total of 80 over the 4 week period. In reality the number of clients reached equalled 57 due to staff absence and the nature of the enquiries, i.e. clients telephoning for a Business Link Information Pack or for information which could be provided immediately.

The results of each client reaction was fed back at the end of each week with the method of approach being reassessed accordingly. The results appear in Figure 3.

Research Results

	Scale of charges	Positive Outcome	Negative Outcome

Client asked to pay for company report	£12.50 - £25.00	12	4
Client asked to pay for Aims and Stars search	£15.00 - £20.00	15	6
Client asked to pay for desktop research	£25.00 - £30.00 per hour	2	10
Client asked to pay for photocopying	10p per copy	4	0
Client asked to purchase Key Note report	£80.00 - £350.00	0	4
Total		33	24

Figure 3

The results of this study were not disappointing as more clients chose to continue with their enquiry as opposed to discontinuing when they realised a cost was involved. Particularly promising were the numbers of clients prepared to pay for on-line grant searches which had previously been administered without charge.

It was difficult to produce a positive response to the market research report, one reason may be the cost of the report and the perception that SME's have a prime interest in local rather than national and international market research.

The company reports have traditionally been easy to sell to clients as the information is perceived as of high value to the company, as it is one of the only methods for checking the reputation of future suppliers and purchasers.

The research into charging for in-depth desk research did not produce very promising results. One reason for this is that many of the clients targeted were regular clients who had previously received the information free of charge. The successful cases were clients from larger companies who could be reimbursed for the expense. It may take some time before established clients are prepared to pay and some effective marketing will encourage this process. The study demonstrated that introducing the fee-based service to new enquirers produces more positive results.

A Pricing Policy for the Business Link Information Service

A Table of Suggested Fees

Service	Price
Initial Enquiry	Free
Free Research	Up to 15 minutes
In-depth Research	£30.00 per hour
Company list	30p per address
Labels	35p per address
Aims and Stars Search	£20.00
Infocheck Snapshot	£13.50
Infocheck Full Report	£26.00
Dun & Bradstreet Compact	£13.38
Dun & Bradstreet Report	£26.77
Dun & Bradstreet Comprehensive Report	£38.68
Key Notes Reports	£150.00
Photocopies	Up to 5 sheets free 20p per sheet with a minimum charge of £5.00
Faxing	£1.00 first sheet 50p for each extra sheet £2.50 overseas

Note: All the prices are subject to VAT.

Table 4

Discount for Members of OCCTE (Oldham Chamber of Commerce, Training and Enterprise)

Clients who are members of OCCTE will be more aware of the information service and therefore the possibility of them using the service is stronger. Members already receive 10% discount on the desk research. It was recommended that they receive 10% on all BLIS's services to encourage them to make more use of the service. It is important that the BLIS team are aware of who the members are, and ideally this information should be available on LinkTrack.

Voucher Scheme

As an incentive for local businesses to use the service it was recommended that members receive a voucher for 1 hours in-depth research. This will allow

BLIS to demonstrate to clients the quality of the service and establish a relationship with that client.

It was also recommended that when BLIS run the seminar for the NBS programme these vouchers are also passed on to clients. This will produce the same advantages and also enable the client to obtain the information sufficient to demonstrate to the New Business Advisors that they have researched the market.

Special Offers

It was recommended that BLIS introduce occasional special offers for certain services. For example the Aims and Stars Grant Search could be offered at a special rate of £15.00. Another offer could take the form of a 'happy hour', where clients using the service between certain hours of the day receive a discount. These offers would have to be carefully planned and publicised, but they would provide an excellent opportunity for clients to sample the service, and for BLIS to form links with new clients.

Introducing the Fee-Based Service

Following on from the research it is important that the total fee-based service is introduced as soon as possible. The most important element to this change over is the professional and confident manner with which the information officers approach the issue of charges. The benefits of purchasing the information must be reiterated, and the efficiency of the service and the presentation of the information will illustrate the advantages of using the fee-based service.

Conclusion

The research demonstrated that clients are not totally averse to paying for the information service. Regular clients are particularly difficult to introduce the charges to however as they are familiar with the efficiency of the service the problem can be minimised. New clients need to be convinced of the quality of the information to their business before they will pay for any service. The professional approach of the information officers and Business Link Oldham's publicity should demonstrate this to them. Many of BLIS's clients cite the source of publicity as 'word of mouth', which is a positive sign for the information service.

The prices set for BLIS are somewhat lower than other Business Links, especially those in city centres. It was considered that the recommended prices demonstrate a realistic assessment of local businesses willingness and ability to pay.

The income generation target and the price list are not intended to be fixed. They have been suggested as a benchmark to give the introduction of a fee-based service more direction and purpose. Although it is important that BLIS makes the transition from an almost completely free service to a fee-based service to comply with DTI requirements the priority must be to continue providing local businesses with a first class service which recognises their information needs.

References

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