Report on Knowledge Exchange workshop
Sustainable Business Models for Open Access Services
Utrecht, 10-11 February 2013

The Knowledge Exchange Sustainability Index

The work on the sustainability of organisations which exist to provide services to the Open Access community, commissioned by Knowledge Exchange, identified that such organisations need to have a business-like approach and that the absence of rigorous attention to all aspects of the business may lead to sub-optimal performance and, potentially, failure.

With this in mind, a Sustainability Index was drafted for consideration by attendees at the Knowledge Exchange workshop on sustainability in Utrecht (February 2014). Over fifty participants, representing Open Access service providers, IT-infrastructure and research funders, and users, worked to making past recommendations from KE work on Open Access actionable.

A checklist for directors and managers …

The index, contained on one sheet of paper, is effectively an aide-memoire for those charged with running Open Access infrastructure organisations. It is acknowledged that such people may not have a background in business; they may come from the academic research or information management sectors for example. In this context it was considered useful to have a checklist so, at a glance, such people can see the kinds of skills that should be deployed at particular stages in an organisation’s growth, and the types of business activities that are associated with those skills.

Typically, in the early stages of an organisation’s growth, a small number of people apply themselves to a wide variety of tasks, some beyond their experience or competence. This is often the nature of entrepreneurial activity where the focus is on the product or service and generating interest and early revenue. As an organisation grows, so the need for specialists in, say, marketing, finance, business planning, technical development and so forth becomes greater. The fixed costs of the organisation increase accordingly so care must be taken to ensure revenue, costs and other factors are in balance.

In general attendees agreed that the Sustainability Index is a useful tool for directors and managers of an organisation. It provides a helicopter view which allows them to identify skills or business-related activities that are not well catered for in their own organisations.

This at-a-glance gap analysis has value, particularly in situations where managers are very focussed on one or just a few particular aspects of their business whether due to personal interest or crisis management.

… to identify required skills or business-related activities

It was pointed out that the Sustainability Index is an appropriate macro-level tool but that it is not designed to be used to assess individual activities or services within an organisation. This is certainly worth reiterating: it is a top-level aide memoire designed to help managers identify the types of skills and business activities that generally apply to organisations as they evolve, mature, and move towards a situation where they are resilient and sustainable. It is also acknowledged that different organisations occupy different market niches, sometimes providing unique products or services. While that is true, all businesses need a sound set of core skills if they are to become successful. It is also pertinent to note that things can change very rapidly - funders may withdraw their funding (or not renew it); host organisations may withdraw facilities; a commercial or other organisation may introduce competitive products or services and so forth.

Main findings
The Sustainability Index
- points at the skills and business-related activities that are not well catered for in HE and research organisations
- provides directors and managers a helicopter perspective to easily identify gaps in relation to stages of service development
- helps funders to refer to required business skills and provisions that are essential for sustainable post-project phase
As well as useful to organisational managers, following some discussion it was concluded that funders can also benefit. While research funders have no need to use the Sustainability Index themselves, they may well point funding applicants to the Index to help ensure those applicants that they have fully considered and addressed the organisational and business aspects of their plan and application. This would help avoid the situation where those seeking funding focus very tightly on the service they plan to offer while paying scant attention to how the provision of those services will be sustained organisational and business terms.

The funders’ view seemed to be that applicants must address the types of business issues identified in the Sustainability Index and that being able to signpost the Knowledge Exchange-ratified Index would be a useful way forward.

**Original set of skills and business activities**

The original set of skills is outlined below. Note that these are designed to be indicative of the types of management activities appropriate for an organisation in different stages of development; the grading categories are not mutually exclusive. The Index serves to point out the types of business activities that need to be considered; it is for individual managers and organisations to then seek out the detail they need from books, online resources or consultants and then apply that knowledge to the particular situation of their own organisation.

**Funding management skills:** The type of funding available or required will vary according to the type of organisation and the service or product it aims to offer. Different funding management skills will be required at different stages to reflect increases in organisational size, complexity and the prospect of augmenting grants or donations with sales or other revenue.

**Business planning skills:** Effective business planning is essential if an organisation is to evolve in a sustainable fashion. It is often postulated that entrepreneurs do not always make good managers of larger organisations mainly because as the organisation grows there is a need for increasingly bureaucratic systems to impose the necessary controls. Such development should not obstruct the essential requirement for organisations to be adaptive and for managers to have a vision for the organisation in a context where the political and market environment is continuously shifting.

**Business operational management skills:** New organisations have a tendency to do things in an *ad hoc* fashion, with a small number of staff-members multi-tasking. As an organisation grows so market and regulatory demands call for the division of labour and the recruitment of, for example, human resource specialists. While the organisation’s structure will reflect optimum work flow processes in relation to the market and service being offered, the culture of an organisation is heavily influenced by senior managers and should be appropriate to the goals of the organisation.

**Business development skills:** This category encompasses all the sales and marketing activities necessary for any organisation to understand its target audience(s) and to serve them well. All the aspects of marketing – from promotion to pricing and distribution – are relevant to all stages of development, but at some point the skills need to be formalised with informed and consultative processes leading to relevant sales and marketing strategies commonly found in sustainable organisations.

**Financial management skills:** Good financial management skills are always important to any organisation, not simply to comply with the burden of statutory reporting requirements, but also to provide the management accounting information so vital to an informed business planning process. As with the other areas covered, as an organisation grows it will need to consider the recruitment of people with relevant professional training and credentials.
Technical development skills: Many of the organisations addressed by this KE research programme are those offering some form of service based on information technology. In that context the management of technical skills and capacity is important. The availability of relevant technical skills can have a significant influence on the growth prospects of an organisation. Technical teams must be managed such that their skills remain relevant to the organisation and there is a need for plans to extend capacity as demand requires, either through recruitment, internal training or outsourcing to reliable external suppliers.

Additional skills and business activities
The workshop discussions brought to light a number of other skills that would be relevant and useful for organisations offers products or services to the Open Access community. These are listed and discussed briefly below.

Legal skills: Most organisations are subject to a great many national laws and other regulations including various statutory reporting requirements. In the Open Access environment sales and users are often located beyond national boundaries and so additional legislation and regulations may apply. Getting to grips with the relevant legislative frameworks as well as the detail of contracts for customers, suppliers and employees or contractors can be a formidable task. Organisations that are hosted within, say, a university may benefit from internal legal help and may be able to use existing legal processes. Start-up organisations without the shelter of a parent organisation is very likely to need to buy in these skills. Since laws and regulations change regularly, vigilance is required in order to operate legally.

Policy awareness: Although this would normally be covered by “business planning”, workshop attendees thought this important enough to be a separate category. It is clearly the case that Open Access policy is in a state of flux in very many countries so it follows that organisations that seek to serve the Open Access community should monitor the policy environment closely. There are many benefits to doing this: new opportunities in terms of service extension or adaption and new geographic markets may become apparent; in defensive terms, understanding the direction of policy in key markets can help avoid situations where a service becomes less relevant or ultimately obsolete. As an organisation grows ideally managers would want to move beyond merely monitoring policy development and changes, moving instead towards being part of the policy development process.

Governance system: Governance is seen by many to be an important issue. This is perhaps less so in an owner-managed start-up organisation, but in situations where Open Access infrastructure organisations are seeking significant funding from research funders or other sources, those funders need to be reassured that there is a robust system of governance in place. This may, for example, consist of a board of directors which draws on expertise from other relevant organisations, and on which funders may be represented. Where organisations are hosted within a university, governance may be provided by existing committees or people in positions of power within that institution.

Organisational structure and interdependencies: Workshop delegates explored the extent to which the structure of the organisation could constrain the potential for growth and success of that organisation. The legal status of an organisation is an important decision at the outset – be it, for instance, a limited liability company, a partnership, an extension of an existing organisation or an entity with charitable status. The legal status of an organisation has an impact on the way in which it is perceived by others in the value chain and on the extent to which it can raise funds including access to borrowing. Services hosted within a larger organisation may encounter challenges in terms of responding to increasing demand; where, for example, hiring new staff must be funded by revenue because there is no facility to borrow money, the organic path to growth can be very slow leading to frustrated potential customers. Others noted that university can demand higher costs for facilities and human resource management provision than would normally be experienced in an independent setting, and that this can constrain the organisation’s ability to grow and become financially self-sustaining.

Essential for sustainable Open Access services:
- Business operational management skills
- Business development skills
- Financial management skills
- Technical development skills

Relevant and useful as well:
- Legal skills
- Policy awareness
- Governance systems
- Organisational structure and interdependencies
Continued dialogue, networking and exchange

This workshop and the publication of the Knowledge Exchange endorsed Sustainability Index mark the completion of agreed phases of work on Open Access business models. The resulting documents of a range of activities with emphasis on dialogue, networking and exchange between stakeholders can be found on the website. Soon stakeholders and Knowledge Exchange will discuss potential further work in this area.

Da Coda – Funders session

In a special session, attended by invited funders, issues were discussed from a funding perspective. Should the money come from top-slicing research investment or form outside the current research system? Are there any limitations for funders to support Open Access Services effectively, e.g. national regulations, availability of funds, competition for those funds and so forth? Modes of cooperatively funding OA infrastructures on a super-national level might have to be developed? Other factors, roles and responsibilities for the funding, the governance and maintenance of infrastructures might need to shift? The outcomes of this session are not (yet) of a nature to be shared widely but will be useful for further exchanges with, and involvement of funders.