



Commercialisation Avoiding the pitfalls

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Commercialisation - avoiding the pitfalls.....

Existing income streams

Future income streams

Pricing strategy

- A clear pricing strategy and rationale for each fee, charge and paid for service
- Establish clarity on statutory, cost recovery and profit centre areas of operation
- Competitor analysis

Staff development

- Supporting staff to enhance confidence and engender a commercial skillset
- Adding critical capability such as marketing, sales and pricing

Pricing methodology

- Boost confidence in cost allocation and accounting methods for calculating fees/charges
- Test that fees are calculated in line with agreed pricing strategy; minimise leakage

Income collection efficiency

- Test the interaction and channels for service with users to identify revenue leakage
- Identify gaps in efficiency in the process of income collection

Review existing revenue performance

- Provide benchmarking and market testing to identify areas of underperformance
- Develop scenarios for enhanced performance

Vision, strategy and business case

- Robust concept, agile start up mentality, realism about returns or outcomes
- Vanity vs opportunity vs risk vs alternatives

Asset based income

- Commercialisation (selling/licensing) of assets to generate ongoing income
- Disposal/use decisions on property/assets; for generating receipts or annuity income

Customer/market segmentation

- Determine the markets/customer segments for licensing/selling services
- Align products, marketing, pricing of products/services to customer groups
- Robust competitor analysis

Cost to operate

- Evaluation of true cost of operating Group structure
- Political exposure, accountability, risk management
- Independence – pay, assets, T&Cs, closure

Skills and capabilities

- Significant failure and risk point – officers and members
- Significance of behaviour change and workforce adaptation
- Board competence and responsibilities; NED availability

Alternative funding streams

- Joint Venture opportunities to provide access to finance/investment and lower operating costs
- Opportunities from access to private sector management skills and employment flexibility

Co-investment and sale

- Opportunities from building value through joint venture, ahead of sale/return
- Routes to accessing financial backing from private finance

