

Getting Started in the Business of Certification

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If your association is preparing to launch a professional certification program, you will be bombarded with technical terms such as "psychometric soundness," "legal defensibility," and "modified Angoff method." But dealing with the technical aspects of certification is actually the easy part. There are industry standards and accepted procedures and processes you can rely on for guidance.

Succeeding in the *business* of certification is the real challenge. To help you increase your odds of success, here are several strategies you can try.

Conduct Market Research

This is perhaps the most critical step in creating a successful certification program. It can help you to:

- Gather data to inform the "go, no go" decision regarding whether to proceed with certification.
- More precisely determine the target market and key segments within this market.
- Gain insight into the needs and perceptions of market segments.
- Identify the make-or-break features that will influence the purchase decision.

Sometimes associations forego market research because "we already know we're going to start a program" or "we already know what our members need." Even so, you can always benefit from obtaining data that will help you to identify potential obstacles to success, devise effective positioning strategies, make informed pricing decisions, and project program volumes.

Critical questions to address through market research include:

- What is the size and anticipated growth of the market?
- What percentage of eligible individuals intends to become certified?

- What percentage of employers would encourage or require their employees to become certified?
- Which market segments are most likely to be interested in certification?
- What are the perceived benefits of certification and obstacles to obtaining the credential?
- What program features would be most desirable to potential candidates and employers?
- How much would candidates or employers be willing to pay for certification?

Be sure to include all key stakeholder groups in your research. Stakeholders most commonly include the potential candidates for the certification program, their employers, and influential third-party entities (such as OSHA for safety-related certifications or third-party payers for physician-certification programs).

Carefully Analyze Your Competition

Certification programs face a number of direct competitors and less obvious (but no less important) indirect competitors. *Direct competitors* include other certification programs and certificate programs (offered by your own organization or others). *Indirect competitors* may include academic degree programs; in-house, training-based certification programs developed by large employers for their employees; professional development programs offered by professional and trade associations, educational institutions, or for-profit companies; and continuing education programs required for licensure, maintenance of membership status, and so forth.

When conducting your analysis, consider whether your organization has the following competitive advantages:

- A "first to market" advantage;
- Good visibility and a strong reputation and brand image in the intended market;
- Easy access to the target market;
- Strong operational support (such as commitment of staff and facilities) and staff members who are knowledgeable about certification;
- Long-term commitment of financial support from the parent association, grant providers, or other entities;

- Good relationships with related entities that could help support or promote the new certification program (such as local chapters);
- Support of key stakeholders (such as employers).

Use an Informed Approach to Setting Program Fees

Often, associations fail to engage in sufficient analysis to identify appropriate pricing models and strategies for their programs. Accordingly, they set fees that are too low, and then they resist raising fees often enough. Combine these tendencies with unanticipated program costs and the result can be disastrous.

To gauge intention to buy at various price points, consider conducting a price sensitivity study. Another option is to conduct a tradeoff (conjoint) analysis to predict what prices customers are willing to pay for various combinations of program attributes. Keep in mind that pricing decisions should be guided by *both* the study data and your knowledge of the target market.

How you structure the fees is as important as the amount of the fees. For example:

- Should you charge a single fee, due upon application, or separate fees for application and testing?
- Should you offer employers a voucher option that enables them to pay in advance for a specified number of candidates at a discounted fee?

Studying models that others use will help you to better understand what will work best for your organization.

You can also establish fees beside the standard application and testing charges to cover administrative expenses and generate revenue. These fees can even be useful for performing other functions, such as:

Discouraging undesirable behavior while recouping the costs of serving high-maintenance customers. For example, the Board of Certified Safety Professionals offers candidates the opportunity to purchase a deadline extension rather than charging a penalty fee for late submissions. And in 2006, the Certification Board of Nuclear Cardiology instituted an application resubmission fee of \$20 for candidates who fail to include all the required information in their applications.

Offering convenience. Candidates for the Certified Employee Benefits Specialist designation, sponsored by the International Foundation of Employee Benefit Plans, can pay a \$50 fee to earn "exam transfer credits" for other professional designations they have earned.

Engage in Proactive Planning to Achieve Financial Sustainability

In a study of the certification industry conducted by Knapp & Associates International, Inc., and the American National Standards Institute, it was found that most organizations (79 percent) launched their certification programs with the expectation that the programs would become financially self-sustaining within the first five years of operation.

In reality, however, only 58 percent of certification programs were actually self-sustaining within this time. Moreover, only half of the 229 study participants reported a net gain/profit in the most recent fiscal year.

What are the implications of these findings for your association?

- Be prepared for the possibility that you will need to subsidize the certification program for several years, if not in perpetuity.
- Early in the development process, identify strategies that will support sustainability and determine what assets can be leveraged to accomplish this goal.
- Recognize that marketing is a "need to have," not "nice to have," regardless of how small your budget might be.
- Set fees strategically to maximize revenue.

Succeeding in the financial aspects of the business of certification is perhaps the greatest challenge that organizations sponsoring certification programs can face. Even prestigious, highly visible programs can find themselves struggling to generate a net gain. Use the ideas in this article to help your organization conquer this challenge.