

Working in

In the language travel industry we often talk about the buyers and sellers of language travel products and the business partnership between an agency and school. However, there are also several players involved in all sectors of the language travel industry, responsible for both language tuition and student placement overseas, as well as, in some cases, associated products.

AMY BAKER looks at some of the examples of hybrid businesses.



n two directions

Pierre Richaud of Formalangues in France says that their main activity is language teaching but there is also “an important study abroad activity to give a better service to our clientele”. He explains, “The study abroad department was created to answer the needs of our students who wanted to practise their new target language in a real context and find out how they would fare in the language with the natives.”

For some companies, their status as agency/school “crossover” business is a logical progression of their goal to serve their clientele as best they can and enable language learning at home and then overseas. Agencies may have crossed over into the opposite sector more as an associated venture and less as a logical progression. In some cases, a company operates an agency and school under different names, and the ownership link is not apparent to the clientele.

In the case of STS in Sweden, selling language courses overseas and then organising them too was indeed a logical step. Linda Svedborg, General Manager at STS explains, “STS Language Schools started in 1958 when the founder, Lars Magnusson, brought students from Sweden to Hastings [UK] in order for them to learn English and stay with a host family.” She explains that since then, STS has developed a tradition of producing most of its products in-house. “Over the years, we have [bought products] externally due to capacity problems or when developing

a new destination,” she relates. “At the moment we are buying approximately 15 per cent of our products externally – mainly accommodation and tuition in colleges in Britain. The goal is to produce 100 per cent of trips ourselves.”

Case studies

In the case of GLS Sprachreisen in Germany, the decision to expand from an agency into the educating business after five years was made as an investment against business instability and borne out of experience in the industry. Barbara Jaeschke of GLS Sprachenzentrum explains, “First of all, I think it is good to stand on two feet. It makes your business resistant to catastrophes. For example, a high dollar is bad for outbound business, but good for inbound.” She adds that she also liked working in both areas “coming from a teaching background and loving to go abroad and communicate with people from all over the world” and thirdly, that there are some practical advantages to working in two directions.

“For example, we have now bought premises for our school that will allow us to offer accommodation on-site from 2006,” says Jaeschke. “We can use the classrooms and facilities also for presentations for outbound programmes, for events marketing a certain country or for orientation meetings for high school or teenager outbound programmes.”

A growing number of companies appear to be considering the “crossover”, although, as Davide Bresquar of MB Scambi Culturali in Italy observes, such a venture requires considerable research, resources and energy. “There are several synergies that an agency can maximise by opening a language school and there is also a relevant increase in knowledge-building that the agency can use to better complete its vocation. However, I do believe that only the more structured and medium-sized agencies are able to complete the process successfully given the enormous work and commitment required,” he emphasises.

Without acquiring an existing language school business, which Bresquar notes is an alternative option, significant research must be undertaken into such areas as legality, syllabuses, teaching methods, >>

Volume bargaining

The LAL Group model is an early example of crossover business – Dietmar Gunz, who worked as a tour guide in the 1970s, founded the LAL Sprachreisen agency business in Germany in 1980. Peter Cassalette at LAL explains, “Instead of sending students to other schools, Gunz decided to open up his own school in Torbay and Malta in the

1980s, followed by Fort Lauderdale and Cape Town in the 1990s.”

The group now has a network of agency offices in Germany for the outbound German market and the four English language schools – the main target language for Germans. Expansion of the school chain is being considered for the future and Gunz remains the owner

of LAL’s parent company, FTI, which is a mainstream tourism operator. This is another factor also offering benefits by association. For example, FTI also operates charter flights.

Perhaps the next stage in the evolution of the distribution process, LAL Group can afford to bargain with industry counterparts because of the

sheer volume of students it sends out of Germany. Via its association with FTI, LAL promotes its products through some 10,000 travel agencies, says Cassalette. The group agrees to work with certain other language schools, for example, in return for those schools also promoting the LAL schools in their portfolio. Cassalette terms such agreements

“mutually beneficial strategic alliances”.

Some other companies in the industry are known to also operate agencies and use similar tactics – promoting another group of schools on their agency site in a reciprocal arrangement, in return for that company including the agency-owned schools in marketing materials.

staffing, management, etc. Bresquar, whose company also operates MB International Summer Camp in Lignano Sabbiadoro on the Italian coast (since 2004) and a year-round language school in Padova (since 2001), says he discussed such issues with partner schools in the UK prior to moving into the language training sector, and that the venture is an ongoing learning process. “We can afford this major move thanks to a proactive management and a strong back office which can handle all financial and organisational aspects involved with it,” he adds.

EuroTrend 21 in Bratislava, Slovakia, is another example of a language school first and foremost that then crossed over into

agency territory. Maria Mickova at EuroTrend 21 explains. “In our case it was the language school first and only about four

“There are several synergies that an agency can maximise by opening a language school and there is also a relevant increase in knowledge-building that the agency can use to better complete its vocation”

years later we started offering language courses abroad,” she says. “We decided to do it spontaneously as some individual requests arose. At first, we only helped arrange those few courses and then [the business] grew bigger.”

Students on tap

In Mickova’s case, she relates that there is not much overlap of business between language school clients and agency clients. “A couple of our students are interested in our courses but usually it’s a different type of client who is interested [in study abroad],” she says. “They usually come to us because they have heard about us from other sources.”

However, this is not the case everywhere. HESS Educational Organization in Taiwan claims to be the largest private English language school in the country, teaching over 60,000 students at 135 branches throughout the country. Since 1999, HESS has also offered placement overseas. Spencer Czarnecki at HESS says, “Having access to an internal market [normally three-to-13 years old] as large as ours is a definite advantage. We do not market to students outside of HESS and, at this point, overseas placement is reserved strictly for our students.” Similarly, at Gobi Education Center in Ulaanbataar, Mongolia, Gangbileg Galbadrakh reports that 100 per cent of their agency clients are recruited as students at their school.

Of course, the possibility of a ready-made client base depends on whether the language training offered is in a foreign language or the country’s native language. At GLS Sprachenzentrum, Jaeschke observes that they have no agency clients as a result of their language school business, because foreign students travel there to learn German in Germany. GLS’ agency material is only in German and aimed at the German outbound market.

Accumulated advantage

But there are other advantages of operating on both sides of the industry, as Jaeschke points out. “I think we learn a lot by being a school and agency,” she says. “We know as a school what is essential to agents, such as student services, quick answers, clear promotional material. We also know from our work as an agency that often a problem one of our students has is not a question of who is right or wrong. In many cases, schools should try and find a way to make the student happy and to help the agency build up a good reputation in its country.”

Other companies operating as both agencies and schools agree with Jaeschke. At Babel Idiomas in Spain, Boele van der Pool states, “As an agency, we know what it is like to run a school, so we know very well how they work. And as a school, we know how it is to run an agency, so we can understand them better and know what they need and is important to them.” Richaud at Formalangues adds, “Knowing all about language teaching gave us a fantastic help in choosing and selecting the best language schools abroad.”

As well as an “insider” viewpoint and a possible ready-made client base, Sergey Serov at Ya Language School in Novosibirsk, Russia, points out another benefit for his company of operating a dual business. “The school teachers who accompany our groups as group leaders have an excellent opportunity to gain cultural, language and pedagogical experience,” he says; adding, “the school creates favourable development conditions for the agency even when the travel industry as a whole goes through considerably difficult times.”

Bresquar at MB Scambi Culturali also underlines that issues of seasonality in the agency business were another motivation for his company to venture into language training. “We have premises left [unused] and the personnel with little to do during the winter months,” he says. “Also, we

the first season, we saw that the agency alone wouldn't bring in enough money," he explains.

Crossing the divide

But successes do not come easy. Agencies thinking about moving into the language training sector must consider the additional overheads that such ventures require such as costs, time and infrastructure. There is a third option, other than setting up a brand new operation or purchasing a school: franchise. Some language school organisations offer the possibility for companies to set up a franchise – gaining the name and expertise of a parent company for a price. Berlitz and International House are two examples of large school chains that operate a franchisee agreement.

A relative newcomer to the franchising arena is English Canada launched by International Language Institute (ILI) in Halifax, NS, Canada in 2003. At ILI, Chris Musial believes that some agencies would be appropriate for becoming an English Canada franchisee, although he says, "The model would not suit agencies with fewer than 10 employees." The advantages of such a venture, according to Musial, include the fact that "most of the students who consider language travel also consider some form of pre-departure language training". He adds, "With essentially the same marketing campaign, agencies could now advertise to the same audience for both language travel services and language training services."

"With essentially the same marketing campaign, agencies could now advertise to the same audience for both language travel services and language training services"

Musial also suggests that a school with native-speaking Celta-trained instructors would also have prestige in the marketplace and the franchise network would enable the agency to have access to university partners and move beyond offering English language training only.

Looking at the other side of the market, language schools looking to offer agency services must also consider all the aspects involved and not treat the agency side as a way to make easy money, as van der Pool warns. "In the past few years, I have seen many schools picking up with agency work. My only concern is that some of them

are backed up by a truly university city like Padova which has almost 60,000 students."

Multiple languages

MB Scambi Culturali offers language training in both English and Italian, meaning that it can really maximise its resources. Italian lessons are offered during the day to foreign students staying in Italy, while in the evenings, local students study English. This also means that local students studying English can meet agency-recruited foreign students studying Italian. "Our main goal is to offer a different kind of language training, bringing the international experience closer to Italian students," states Bresquar. "Italian students want the possibility to practise English and get to know other nationalities in town without having to go abroad. Foreign students want to meet Italian families and discover our unique lifestyle, our culture, traditions and our food."

In the case of MB Scambi Culturali they are able to cross-sell, offering agency clients pre- and post-trip English classes. Bresquar says, "I really believe students are likely to continue attending language schools abroad but our model gives them the possibility to maintain and practise what they have learned [when in Italy]." An additional feather in MB Scambi Culturali's cap is offering other agencies the chance to sell English classes at a summer camp in Italy. In the summer camp's first year, 45 per cent of enrollees were international students and some were studying English. "This result was only possible thanks to our brand name and the work that agents have done for us," notes Bresquar.

At Babel Idiomas in Spain, multiple languages are also offered – firstly, English and German was offered to local Spaniards. "After five years of good business we decided to start with what I actually wanted, Spanish courses," says van der Pool. He started an agency initially with his wife before moving into language tuition. "After

Alto experience

It is hard to judge how many companies active in the field are both language schools and agencies, but to give some indication, the Association of Language Travel Organisations (Alto) asked its members this question as part of its member survey.

Of 171 organisations canvassed in 2004, 58

members responded. Of these members, 12, just over 20 per cent, said they offered both agency and school services. When compared with the results from the



Percentage of Alto members working as school and agency

2003 Alto member survey, it is clear that this proportion is rising. In 2003, nine per cent of the membership said they offered both school and agency services.

One Alto member in Brazil tried to explain this finding: "There is a great deal of synergy between offering school and agent services."

do it just as an extra 'fast' income and not with too much perspective on quality and growth."

Jaeschke suggests those schools offering foreign languages to locals work as a sub-agent for an established national agency, which is what Serov in Russia explains is nearly always the case for school-agency hybrids in his country. Jaeschke says, "Competition is fierce in the agent market and producing a brochure and selecting schools would... take a long time to earn what is spent upfront. If you enter a cooperation with a good agency, you can rely on their material, get a good commission per booking without taking the risk to invest a lot."●