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EHL CASE STUDY

An asset-light model for a vocational institute

How Sri Lanka's SHMA scaled up
hospitality education





Becoming asset-light in Education

Adopting an asset-light model means outsourcing assets such as customer service, manufacturing, IT, Research and Development, ...or real estate to a network of vendors and service providers. This allows to keep costs low, operations lean and create agility. Based on the concept of a shared economy, the asset-light model is an innovative model on which a business can be run for better profit. Asset light models are about collaboration and having many people investing in growing the business and sharing the investments and risks. There are many asset-light models, some of the most common are outsourcing, asset sharing, licensing in and licensing out.

What does an asset-light model look like in Education? Is it an interesting model to respond to the needs of the hospitality industry? Sri Lanka's SHMA - Swiss Hotel Management Academy, a fully owned subsidiary of A. Baur & Company - brings real-life answers to these questions.

Hospitality Industry in Sri Lanka

Experts and veterans in the hospitality business believe that the Sri Lankan hotel industry will require at least 250,000 'direct' workers of all capacities to sustain the future. This means front office, food and beverage, maintenance, kitchen staff, sales and marketing, human resources and finance teams. The hotel industry is facing heavy staff turnover, given the traditionally low pay and long, sometimes anti-social hours. Furthermore, the pace of change at which the client base uses technology to make informed decisions fuels the need to ensure employees are "fluent" in the same language as the clients.

SHMA vocational institute: the race to skills development

The training offered in the Sri Lankan hospitality sector required a revamp - to maintain relevance in the new service paradigm. Reskilling and upskilling at a fast pace was becoming a matter of survival for the industry, which was lacking hospitality staff who clearly understood the needs of the customer and were able to deliver the desired experience. Vocational Education appeared to be the answer to rapidly fill the human resources gap and bring to the market the requisite numbers of highly trained workers.

Sri Lanka's SHMA was born out of this industry need, with the vision to become the premier Hospitality School in the country.

How SHMA implemented an asset light model

To fulfil the industry's urgent demand for a skilled workforce in a timely manner, SHMA launched VET by EHL programs via an asset light model, ushering in a revolutionary shift in the local hospitality sector, bringing for the first time education and industry partners together. SHMA partnered with Colombo's finest hotels: Cinnamon Grand, Cinnamon Lakeside, Taj Samudra, Galle Face Hotel and Shangri-La to deliver its Vocational Education and Training Program.

The asset light concept within the vocational institute is departing from the traditional hotel school infrastructure set up. VET by EHL Programs are offered at SHMA's partner hotels, exposing students to world-class facilities and real-world techniques. Theoretical sessions are held in hotel conference venues with cutting-edge technology, providing students with 5-star operational experience, and practical training is held at some of the country's top-ranked facilities.

SHMA is licensed to operate and facilitate VET by EHL Programs, giving SHMA access to the best-in-class curriculum from EHL, the world's #1 in hospitality management.





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We are proud to break through traditional thinking and embrace more innovative and ground-breaking ways that will enable students to have the required practical experience and industry relations upon completion of their study. We are challenging the status quo together with VET by EHL and taking this bold initiative for the greater good of our hospitality sector and the country as a whole

Rolf Blaser, Managing Director/CEO at A Baur & Company Ltd

6 benefits of an asset-light model in vocational education

Through the asset light model, SHMA's vocational education and training students learn to operate in a legitimate organizational setting that empowers them to adapt to the hospitality industry environment seamlessly.

By selecting an asset-light model in partnership with VET by EHL, SHMA's stakeholders achieved:

1. A reduction in faculty costs: Full-time staff is not required. Industry experts are recruited and hired, undergoing a virtual train-the-trainer experience, ready to deliver their courses in less than 6 weeks.
2. Limited infrastructure or upkeep costs: All learning takes place on a learning management system and in partner-owned facilities.
3. An Education tailored to meet the needs of the local industry: Experienced hospitality workers can receive formal, world-class education without leaving their country or interrupting their employment.
4. Students earn while they learn: Learning is based around flexible working schedules where students are compensated for their contributions. While working, the hotel subsidizes the education fees.
5. Real-world learning scenarios: Students are immersed in the hospitality industry throughout their learning journey.
6. An Education that fosters promotions and permanent hires: After 18 months of working and learning within the hotel organization, students are well-positioned for a promotion or full-time work.

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Although lockdown learning may have its disadvantages, our learning approach also has a positive impact. Those who come to us for upskilling and reskilling, already in the workforce, have found many advantages in the flexibility that we offer through tools and technology we can use to deliver remote learning and support online collaborations. As well, they will have extraordinarily fine-tuned skills in working digitally, which is very important

Mr Ramesh Costa, F&B senior lecturer

An impressive scalability

By collaborating with industry professionals well ahead of the project start allowed SHMA to gain a profound understanding of the market needs and secure the collaboration of five well-established luxury hotels. With the ready-to-use curriculum and content and train the trainer programs from VET by EHL, SHMA has immediate access to the top-notch practical infrastructure, procedures and learning content to match its growth ambitions. The reputation of its local and international partners further raises the attractiveness of SHMA's with students and parents.

Such a model offers an exponential opportunity for scale. Indeed, without the constraints of a traditional school, SHMA is already in negotiations with partners in other regions of the country to offer the program across Sri Lanka within the next five years.



What partners can expect from an asset-light vocational training model

At its core, asset-light is about creating mutually advantageous partnerships that allow all stakeholders to focus and manage the capabilities they are best at, while creating greater profits and shareholder value for the benefit of all partners in a business's ecosystem. SHMA and its partners identified several areas that prompted them to adopt their asset-light model

- Revenue opportunities: Greater management focus on next-generation customer needs and new offerings
- Innovation: Leveraging collaboration to drive new products, sustainability, and speed to market.
- Complexity reduction: Reducing operational complexity by using tried and tested facilities and content.
- Cash and margins: Improve gross margin and release cash tied to assets
- Asset leverage: Drive higher returns on capital employed

Conclusion

Initiatives like SHMA are ahead of the game in vocational training and education. Collaborating with industry experts is essential to offer sustainable solutions and have a real win-win-win for hotels, investors, and students. An apprenticeship asset-light model allows manpower costs to be reduced as talents are trained while they work. This set-up is also attractive to students as it maximizes the prospects of permanent positions upon graduation.

At times when the main challenge the hospitality sector faces is the retention of its skilled human resources, this is a suitable approach to reduce labor shortages and offer, through continuous learning on the job, further motivation for potential young recruits to join this industry.



We are very pleased to have partnered with A. Baur & Company Pvt. Ltd. for the VET by EHL programs under its SHMA umbrella. Sri Lanka is a key global tourism destination, and despite the ongoing challenges, I am very convinced that Sri Lanka tourism will bounce back much sooner and stronger. This launch is a landmark initiative for the hospitality and tourism industry in Sri Lanka, and we are excited to be a part of it.

Aman Aditya Sachdev, Director and Regional Head- EHL Advisory Services

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