



HelpKidsLearn

Sparking success in the classroom.

Business Plan for FISCAL YEAR 2014

Contributors:

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Executive Summary

Mission statement

HelpKidsLearn aims to be the online destination and one-stop-shop platform for Pueblo-area students who are concerned about their scholastic achievements and parents who look for quality, trustworthy, and convenient tutoring services. It provides essential services such as the qualifying and support of tutors, matching tutors' expertise with the learning needs of students/parents, handling billing/payment, quality assurance, etc. The business will be run primarily as an online business, though it may organize offline learning events from time to time. HelpKidsLearn advocates a community-based business model, in which both tutors and caring local companies contribute together to the academic enhancement of all kids in Pueblo.

Business opportunity

There are around 25,000 students in the Pueblo area. A recent Colorado report states that majority of *Pueblo area schools are not making good grades* when it comes to student achievement (Pueblo Chieftan, Dec.26, 2013). This sends alarming signals to parents who are concerned about their kids' academic achievement.

While parents can demand schools to make improvements; changes often require institutional or system-wide maneuvers and may take a long period to show its effect. *A more immediate and potentially effective solution* that parents can count on is to rely on the services provided by tutors.

A significant amount of education literature finds that skilled tutors can provide one-to-one support and reduce the gap between what students are expected to know and what they actually know. The ideal outcomes of tutoring include completion of homework assignments, *an increase in student test and quiz performances* as well as the build up of proper learning strategies.

While the idea of tutoring sounds appealing, *it can be a hassle* for parents to locate the right tutors for their kids, arrange the logistics (appointments, payments, drive-around, etc.), and monitor the tutoring effectiveness. On the other hand, tutors prefer to work with kids who have learning needs that best match their teaching expertise; they also prefer not to spend too much time and energy on promoting their services.

Clearly, there is a considerable transaction cost in this market as information asymmetry between tutors and parents--parents may find hard to assess the tutoring ability of tutors; and likewise, tutors can make it hard to build trust and lead to transactions.

Currently, there is not a single platform (in the Pueblo area) that can bring parents and tutors together in a single destination where they can find each other and reach potential deals. Furthermore, even though there are caring companies in the area, there is not a reliable and trustworthy channel for them to direct charity funds that can support kids learn. To fill in this gap in the market, HelpKidsLearn seeks to provide the following functions and services to parents and tutors:

- (1) **Information:** Profiles of tutors and tutoring requests by parents/students
- (2) **Communication:** The *Skype platform* will be adopted as the technology platform for communications and interactions, which allows phone calls, chats, videos, and online collaborations. The HelpKidsLearn web site will be designed and hosted by Yahoo Small Business Services
- (3) **Selection and Verification:** Tutors will include teachers, freelancers, licensed professionals, and college/high school students with excellent scholastic achievements; credentials and past achievements provided by tutors will be verified by the company before a tutor is listed as “qualified.”
- (4) **Matchmaking:** Parents are busy work professionals so they may not have the ability to engage in searching of the “right” types of tutors for their kids. By the same token, tutors would be glad to work the “right” type of students who can benefit the most from their tutoring expertise. HelpKidsLearn, with a deep understanding of the local educational market, can thus offer valuable matchmaking services that can pair the two parties together in the best manner.
- (5) **Quality assurance:** The company will note student/parent feedback of tutors and their work; tutors can also offer feedback about the students’ ability to learn and follow advices. All ratings will be anonymous.
- (6) **Operation:** HelpKidsLearn will set up a “study fund points” system where parents can buy “study points” (e.g, \$100 for 100 points) and tutors will be paid directly by Hlepkidslearn (to be handled by PayPal). The advantage of this system is the ease of transaction and the flexibility built in: for example, for a parent with 2 kids. With 100 points in his account, a parent can potentially: spend 30 points on math tutoring for the brother, by Tutor A, 30 points on essay writing for the brother, by Tutor B; and 40 points for the sister on physics by Tutor C.

The points system also makes it possible for HelpKidsLearn to conduct fundraising for helping kids from low income families to get access to tutoring services. Companies like Excel Energy could donate to Helpkidslearn, which can distribute the “study fund points” to children/families in financial need, who can use the funds to select the tutors they want.

- (7) **Value-adding:** From time to time, HelpKidsLearn will organize offline study fairs where tutors and students can meet together and engage in different types of learning activities; organizing study contests among the students can also be arranged. From an e-commerce perspective, HelpKidsLearn may also sell books or study materials.
- (8) **Community-involvement:** HelpKidsearn advocates the community-wide involvement of academic enhancement specifically to help low income kids who may not have net access at home or the fund

to pay tutors, HelpKidsLearn will actively engage in fundraising on their behalf. We will collect the information about clients in financial need, help support assistance to them from caring local companies, and document the learning effectiveness of those kids who benefit from the tutoring supported by charity funds.

Financial projections

Both tutors and parents can create their accounts for free.

Cost structure:

- a. Yahoo Small Business web services: \$10 per month or \$120 per year
- b. Operating expense: Miscellaneous expenses associated with running the online business include phone calls, site visits (e.g., to schools for verifying credentials of high school tutors), etc. Estimated to be \$2,000 per year.
- c. Staffing: In addition to the owner, a part time staff may be hired to provide customer support or handle tasks that may arise. The expected work load is about 10 hours per week and an hourly rate of \$20. The annual cost will be \$10,400.

Revenue sources:

- a. Verification of tutor credentials: \$100 each, expected to qualify 100 tutors in the first year., which amounts to \$10,000. Each verified tutor can enjoy customer support features such as access to the “study fund credits” system.
- b. Commissions: HelpKidsLearn will take a 10% cut on the payment from parent to tutor on the tutoring work completed. On average, we expect each tutor to complete 6 hours of tutoring per week. Assuming a 9-month work year and an hourly tutoring rate of \$15 (may from \$10 for high school students to \$50 for experienced teachers), total transaction volume can reach $\$100 * 15 * 6 * 26 = 234,000$. So the annual commission revenue will be \$23,400.
- c. Advertising: Tutors can pay a “sponsorship” fee to let HelpKidsLearn feature their services. Merchants that sell education-related products can advertise in the online platform. We expect a monthly advertising revenue of \$500 and the annual total will be \$6,000.
- d. Others: from time to time, HelpKidsLearn may organize offline learning events/activities, such as academic contests. We expect to hold 4 such events in the first year and each can generate a modest surplus, e.g., \$500), which can add up to \$2,000.

Total revenue: \$47,400

(for 1st year) Net income (pre-tax): \$34,880.

Note: Charitable donations by caring local companies will be spent 100% on the tutoring services kids from income families. These funds **will NOT be included in the revenue stream**. We expect to

raise \$5000 for the first year, and grow this portion by 20% each year after that. Nevertheless, given that more funds will be available to pay for the services of tutors, there will be a stronger interest in the tutors' part to sign up for our service. Further, the charity givings will help generate more traffic to the web site, thus enabling us to garner more ad revenue.

Financial projections

We plan to expand the online platform and services to Southern Colorado in Year 2, to the state of Colorado in Year 3, and to other markets in Year 4. Since this is an online business, it will be pretty scalable so the cost will not go up too much ---but we expect the revenue to rise faster as the market expands and the awareness/acceptance of this service climbs up. The following table summarizes the financial projections based on these assumptions.

Year	Total revenue	Total costs	Net profits (pre-tax)
1	\$47,400	\$12,500	\$34,800
2	\$57,400	\$14,500	\$42,900
3	\$100,000	\$20,000	\$80,000
4	\$200,000	\$50,000	\$150,000

Industry Environment

Overview of the industry

There are a few national web sites (e.g., care.com and wyzant.com) that each list about 20 Pueblo area tutors. Yet these sections seem quite inactive with only a listing information and spotty user reviews. Clearly, these national web sites lack the regional expertise and local marketing insights for truly developing this market. Further, the online services provided lack the possibility of a personal connection between tutor and student, as opposed to what HelpKidsLearn proposes to offer.

Projected position for the future

We position HelpKidsLearn as the single, one-stop-shop destination for all things tutoring in Pueblo and beyond. For parents, we aim for the process will be hassle free and quality guaranteed. For tutors, we take care of the marketing and operational details so they can concentrate on what they excel at: tutoring itself.

Potential customers

Customers of HelpKidsLearn include two broad groups. The first group consists of parents who are looking for quality tutors for their kids and a hassle-free experience. The second group consists of area tutors who want to expand their business reach and minimize the operational headaches involved.

Direct competitors

As discussed above (Overview of industry), there are only two national web sites that offer the listing of local tutors. Both sites seem to be inactive in the Pueblo area coverage. In addition, their services provided are quite limited compared to Helpkidslearn. It appears that both sites are getting little traffic (revenue) from the Pueblo area. This indicates a clear market gap to be filled.

Marketing

Business opportunity

The opportunity for HelpKidsLearn stems from the low-performing local schools’ and parents’ need for quality tutors. The market is yet to be developed because no organization has been able to implement an effective platform that connects parents and tutors, facilitate their transactions, and ensure the quality and smooth running of the process.

Company impact

We plan to change the status quo of the industry in three ways 1. By setting up an e-commerce platform, we aggregate the demand efficiently; 2. By deploying effective, local-tailored marketing strategies, we facilitate the communication and transactions between parents and tutors, thus enlarging the total market.; and 3. By offering value-added services such as the “study fund credit” system, we reduce the transaction cost between sellers and buyers; thus creating value for the users and generating revenue for HelpKidsLearn.

Company strategy

We will pursue two strategies in running the business:

1. Harness local expertise: national web sites often fail at local level as they lack the local market insights. We plan to run the business with the input and guidance from local businesses, such as chamber members. Focus on the local scope and be effective.
2. Harness the power of Internet technology and social media. Because this is an online based business, we will utilize, to the fullest possible extent, the latest technological tools so we can reduce our marketing cost (e.g., obtaining clients through online word of mouth) and operating costs, and provide innovative web-based services (e.g., “study fund credits” billing).

Benefits matrix

Customer Pain Points	Benefits
Parents find it too hard to locate quality tutors	We offer selection and qualification of tutors from a wide pool

<p>Tutors find it hard to get clients</p>	<p>We provide and promote the Helpkidslearn platform as the default destination for area parents who look for tutors.</p>
<p>Handling the administration of the tutoring process can be a hassle for both parents and tutors</p>	<p>We take care of the operational details so it will be hassle free, such as appointments, billing, etc.</p>
<p>Rigid one-to-one tutoring agreements between one parent and one tutor.</p>	<p>The innovative “study fund credits” system provides significant flexibility for both tutors and parents in engaging in multiple party transactions --- so the whole market can grow.</p>
<p>Quality assurance may be post hoc and lacking</p>	<p>HelpKidsLearn, as an impartial third-party, will take care of the quality assurance part—so tutors can build a reputation for themselves and parents have many options for the tutoring of their child.</p>

Operations

Organizational structure

The company will be initially run from home/office. Part time helpers (also working from home) may be hired to work 10 hours per week.

Capital requirements

This will be an online business with minimal initial capital investments. I expect that an initial investments of \$5,000 will get the business up and running.

Core operations

The majority of the business operations will be run online. As the business owner, I would be able to monitor the progress of the business activities digitally and on a daily basis. Therefore, if any problem occurred, I would be alerted (e.g., tutor missed online appointments) and take corrective measures (e.g. assign another tutor).

Financial Projections

