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**EXECUTIVE SUMMARY**

[A+ ESL] is a US-based ESL school that features international-level teaching methods, modern facilities, and highly trained native English-speaking teachers. Institutions that offer excellent English education continue to be in demand in the US because of the steady flow of travelers, migrants, and professionals into the country where the ability and competency to speak English is a must.

[A+ ESL] gives students all over the world access to a dynamic and holistic learning experience through the school’s unique teaching strategies and a positive learning environment. The school hopes to break the language barriers and help these people immerse smoothly into America’s mainstream society.

**COMPANY OVERVIEW**

**Mission Statement**

[A+ ESL] wants to provide excellent English language education to non-native English speakers in the US.

**Philosophy**

[A+ ESL] promotes global harmony by eliminating language barriers through first-rate culturally and socially informed education.

**Vision**

[A+ ESL] is aiming to foster a global multilingual community with the English language as their primary tool of communication.

**Outlook:**

The English language as a universal language is very important to people who migrate from one country to another. It is especially more important to those who worked and planned to stay in their new host country for good. In the US since [2000], legal immigrants number approximately [1,000,000] per year. This poses a challenge to language schools in the US since there is not enough number of them to cater to a large portion of this population. [A+ ESL] is up for the challenge and will continue to innovate and expand so that it can facilitate as many students as possible.

**Type of Industry:** Educational Services Industry

**Business Structure:** General Partnership

**Ownership:** General Partnership, [Marissa Stewart & Manuel Barraza]

**Start-Up Summary**: The two owners will shoulder the start-up cost of [40K] USD, which will be used for rent, salary, and equipment.

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| **Start-Up Funding** |
| Start-Up Expenses | $30,000 |
| Start-Up Assets | $10,000 |
| **Total Funding Required** | **$40,000** |
|  |
| **Assets** |  |
| Non-Cash Assets from Start-Up | $4,000 |
| Cash Requirements from Start-up | $3,000 |
| Additional Cash Raised | $0 |
| Cash Balance on Starting Date | $3,000 |
| **Total Assets** | **$10,000** |
|  |
| **Capital** |  |
| Planned Investment |  |
| Owner | $25,000 |
| Other | $0 |
| Additional Investment Requirement | $0 |
| **Total Planned Investment** | **$25,000** |
| Loss at Start-Up (Start-Up Expenses) | -$10,000 |
| **Total Capital** | **$15,000** |
| **Total Capital and Liabilities** | **$15,000** |
|  |
| **Start-Up** |
| **Requirements** |  |
| Start-Up Expenses |  |
| Rent - 5 Months | $10,000 |
| Advertising | $4,000 |
| Legal Fees | $6,000 |
| Staff Training | $4,000 |
| Insurance | $6,000 |
| Other | $0 |
| **Total Start-Up Expenses** | **$30,000** |
|  |
| **Start-Up Assets** |  |
| Cash Required | $5,000 |
| Start-Up Inventory | $3,000 |
| Other Current Assets | $0 |
| Long-Term Assets | $2,000 |
| **Total Assets** | **$10,000** |
| **Total Requirements (Total Start-Up Expenses + Total Assets)** | **$40,000** |

**PRODUCTS AND SERVICES**

**Product/Service Description**

[A+ ESL] offers international Standard English language education for non-native English speakers. The courses offered are categorized into two tracks: Junior and Senior. Within each track are classes on English grammar, English verbal communication, reading comprehension, and formal and non-formal writing.

[A+ ESL] also has online versions of their on-campus courses for home-based international students.

**Value Proposition**

[A+ ESL] infuses their courses with relevant historical and cultural facts in order to guarantee a meaningful learning experience.

**Pricing Strategy**

[A+ ESL] uses penetration pricing to attract enrollees. The prices will be adjusted according to future changes in market conditions and operational costs.

**MARKETING ANALYSIS**

While technology has done a great deal to connect people from around the globe, the connection wouldn’t have been seamless without English as a universal language. The need to learn the language has increased more than ever. This gives ESL schools the opportunity to flourish as they directly supply the demands of the global population.

Market researchers have estimated that a third of the global population will soon be learning English and this is due to the increase of global internet access and English being the dominant language online.

This makes the current trend of inquiry-based learning in the industry rise. For ESL schools to keep up with the trend, they will have to provide real-life context into their lessons.

**Market Segmentation**

[A+ ESL] marketing strategies are aimed to non-native English speakers ages [10-40].

Shown below is a graph showing the enrollment rates for ESL programs according to age range.



 **Target Market Segmentation Strategy**

Non-native English speakers ages [10-40]

* The company will outsource the creation of the website and social media accounts to third party marketing and advertising professionals.
* The outsourced marketing and advertising team will spearhead the marketing campaign, online and offsite, showcasing the services of the company.

**STRATEGY AND IMPLEMENTATION**

**Target Market Strategy**

[A+ ESL] aims for a steady increase in their enrollment rate at [5]% every month during its first year.

**Competitive Edge**

[A+ ESL] provides students a quality experience that is unique to the company’s brand.

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| --- | --- | --- | --- | --- |
| **SWOT Analysis** | **Strengths** | **Weaknesses** | **Opportunities** | **Threats** |
| [A+ ESL] | * International standard services
* Offers online courses
 | * Limited enrollment slots for online and on-campus courses
 | * Students looking to study English for international standard tests are more likely to enroll
 | * Other ESL schools that have bigger campuses
 |
| [English Academy] | * Multi-awarded
 | * Expensive and exclusive
 | * Schools with awards attract more foreign students
 | * Less expensive ESL schools
 |
| [Bilingo] | * Growing social media presence
* Easy enrollment process
 | * Offers online courses only
 | * Young prospective enrollees can be attracted by the school’s brand
 |

**Sales Strategy and Forecast**

[A+ ESL] targets the following increase in enrollees for the current year:



**Marketing Strategy**

[A+ ESL] will hire an external marketing and advertising team to launch a marketing campaign advertising the company and its services in certain print and digital publications. The team will also regularly update or post ad content on the company website and social media accounts.

Here are other marketing activities of the company:

* It will approach and negotiate with travel agencies and hotels for client and guest referrals.
* It will implement a promotion where it gives discounts to the first 10 enrollees.

**Milestones**

|  |  |  |  |
| --- | --- | --- | --- |
| **Marketing Strategy** | **Activities** | **Timeline** | **Success Criteria** |
| Post advertisements on different print and online publications | Meet with publication editors | Jan-Mar 2020 | Get at least two print and online publications to publish the ads |
| Website and social media account launch | Marketing team will make content for the sites | April-May 2020 | Content is finished and ready for launching |
| Referral agreements | Meet and negotiate with business establishments | June 2020 | Established agreements with at least two establishments  |

**MANAGEMENT AND PERSONNEL**

The CEO is the head of the company. Under the CEO are the school administrator and HR manager.

The school administrator handles managerial duties, enrollment and student concerns, and other day-to-day operations of the company. The HR manager is in charge of the screening and hiring of the teaching staff and other employees.

**FINANCIAL PLAN**

The financial plan below shows the company’s projected break-even analysis, profit and loss, balance sheet, and cash flow within the time period of [2020-2022].

**Break-Even Analysis**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fixed Costs** | **Average Price** | **Variable Costs** | **Contribution Margin** | **Break-Even Units** |
| $16,000.00 | $2,600.00 | $0.13 | $2,599.87 | 6.15 |
|  |
| **Fixed Costs** | **Amount** | **Variable Costs** | **Per Unit Amount** |
| Rent | 10,000 | Advertising | 0.05 |
| Insurance | 6,000 | Legal Fees | 0.03 |
|  |  | Staff Training | 0.05 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
| **Total** | **16,000** | **Total** | **0.13** |

|  |  |
| --- | --- |
| **Fixed Costs** | **Variable Costs** |
| Business Lease - Rent | $10,000 |
| Insurance | $6,000 |
| **Total Fixed Costs** | **$16,000** |
|  |  |
| **Total Units Sold in 1 Month** | **200** |
|  |  |
| **Variable Costs (Unit Sold/Cost per Unit)** | **Average Price** | **Variable Costs** |
| Advertising | $4,000 | $0.05 |
| Legal Fees | $6,000 | $0.03 |
| Staff Training | $4,000 | $0.05 |
| **Total Variable Cost (Per Unit)** | **$0.13** |
|  |  |
| **Break-Even** |  |
| **Selling Price Per Unit** | **$2,600.00** |
| Break-Even Point Per Unit [Fixed Costs/(Sales Price Per Unit - Variable Cost Per Unit)] | 16,000 |
| 2,599.87 |
|  |  |
| **Break-Even Point in Units** | **6** |
|  |  |
| **Contribution Margin (Selling Price - Total Variable Cost)** | **$2,599.87** |

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| **Profit and Loss Projection** |
|  | **FY2020** | **FY2021** | **FY2022** |
| Sales | $505,000.00 | $650,000.00 | $900,000.00 |
| Direct Cost of Sale | $100,000.00 | $110,000.00 | $125,000.00 |
| Other Cost of Sale | $8,000.00 | $10,000.00 | $12,000.00 |
| **Total Cost of Goods Sold or COGS (Sales - Direct Cost of Sale - Other Cost of Sale)** | $397,000.00 | $530,000.00 | $763,000.00 |
| **Gross Profit (Sales-Total Cost of Goods Sold)** | $108,000.00 | $120,000.00 | $137,000.00 |
| **Gross Margin % (Gross Profit/Sales)** | **21.39%** | **18.46%** | **15.22%** |
|  |  |  |  |
| **Operating Expenses** |  |  |  |
| Rent | $70,000.00 | $72,000.00 | $75,000.00 |
| Insurance | $9,000.00 | $11,000.00 | $11,000.00 |
| Utilities | $8,000.00 | $9,000.00 | $11,000.00 |
| Salary (Including Tax) | $20,000.00 | $22,000.00 | $23,000.00 |
| Maintenance & Supplies | $1,000.00 | $2,500.00 | $3,000.00 |
| **Total Operating Expenses** | **$108,000.00** | **$116,500.00** | **$123,000.00** |
|  |  |  |  |
| EBITDA (Total Cost of Sale-Total Operating Expenses) | $289,000.00 | $413,500.00 | $640,000.00 |
| Depreciation | $200.00 | $400.00 | $700.00 |
| Interest Expense | $0.00 | $0.00 | $0.00 |
| Taxes Paid | $500.00 | $600.00 | $800.00 |
| **Net Profit (Gross Profit - Operating Expenses - Taxes - Interest)** | **-$500.00** | **$2,900.00** | **$13,200.00** |

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| **Balance Sheet Projection** |
|  | **FY2020** | **FY2021** | **FY2022** |
| Cash | $50,000.00 | $68,000.00 | $75,000.00 |
| Accounts Receivable | $5,000.00 | $9,000.00 | $6,000.00 |
| Inventory | $5,000.00 | $7,000.00 | $9,500.00 |
| Other Current Assets | $1,000.00 | $8,000.00 | $9,000.00 |
| Total Current Assets | **$61,000.00** | **$92,000.00** | **$99,500.00** |
|  |  |  |  |
| Long-Term Assets | $5,000.00 | $8,000.00 | $7,000.00 |
| Accumulated Depreciation | $1,000.00 | $2,000.00 | $2,500.00 |
| **Total Long-Term Assets (Long-Term Assets-Accumulated Depreciation)** | $4,000.00 | $6,000.00 | $4,500.00 |
| **Total Assets (Total Current Assets + Total Long-Term Assets)** | **$65,000.00** | **$98,000.00** | **$104,000.00** |
|  |  |  |  |
| Accounts Payable | $25,000.00 | $15,000.00 | $9,000.00 |
| Notes Payable | $0.00 | $4,000.00 | $7,000.00 |
| Other | $500.00 | $1,000.00 | $1,500.00 |
| Total Liabilities | **$25,500.00** | **$20,000.00** | **$17,500.00** |
|  |  |  |  |
| Paid-in Capital | $20,000.00 | $7,000.00 | $7,000.00 |
| Retained Earnings | $40,000.00 | $105,000.00 | $120,000.00 |
| **Total Owner's Equity (Total Assets - Total Liabilities)** | **$39,500.00** | **$78,000.00** | **$86,500.00** |
| **Total Liabilities & Equity (Total Liabilities/Total Owner's Equity)** | **64.56%** | **25.64%** | **20.23%** |

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| **Cash Flow Projection** |
|  | **FY2020** | **FY2021** | **FY2022** |
| Operating Cash Beginning | $60,000.00 | $75,000.00 | $100,000.00 |
|  |  |  |  |
| **Sources of Cash** | $35,000.00 | $40,000.00 | $50,000.00 |
| Receivables | $20,000.00 | $25,000.00 | $30,000.00 |
| Sales | $100,000.00 | $109,000.00 | $120,000.00 |
| Others | $4,000.00 | $8,000.00 | $11,000.00 |
| **Total Cash** | $219,000.00 | $257,000.00 | $311,000.00 |
|  |  |  |  |
| **Expenditures** |  |  |  |
| Rent | $100,000.00 | $103,000.00 | $110,000.00 |
| Insurance | $30,000.00 | $35,000.00 | $38,000.00 |
| Utilities | $20,000.00 | $25,000.00 | $26,000.00 |
| Salary (Including Tax) | $50,000.00 | $60,000.00 | $80,000.00 |
| Maintenance & Supplies | $5,000.00 | $6,000.00 | $8,000.00 |
| **Total Expenditures** | $205,000.00 | $229,000.00 | $262,000.00 |
| **Net Income/Loss (Total Cash - Total Expenditures)** | **$14,000.00** | **$28,000.00** | **$49,000.00** |