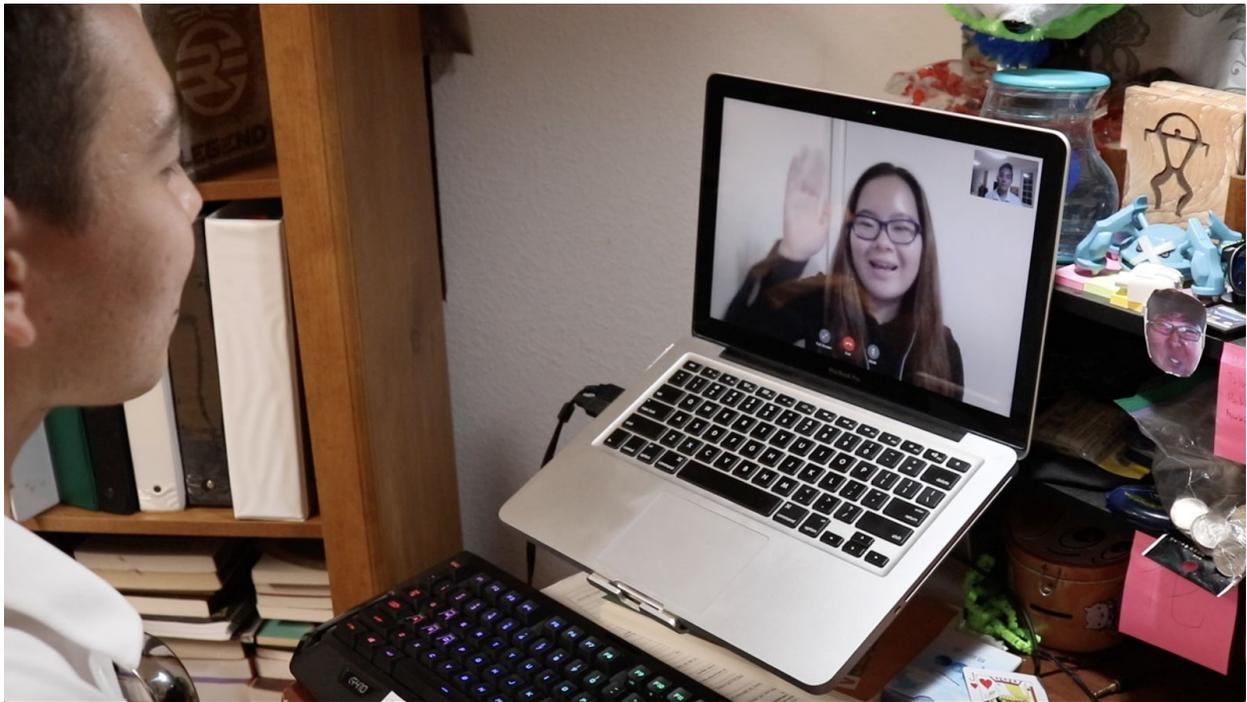


CLASSMATE



Henry J. Kaiser High School, Oahu
Students: Kelli Chinen, Jacob Heberle, Justin Hong, Micah Miyashiro
Teacher: Mrs. Elizabeth Ben
Grade 12
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A. Executive Summary

“Classmate” will be an innovative online tutoring company devoted to providing students with the help they need, from homework to college applications, late at night. Students today are involved in a breath of extracurricular activities such as athletics that can keep them occupied until after dark. However, despite the high population of students that participate in said activities, almost all reputable tutors close before 8:00, leaving many without valuable educational resources. We have learned from firsthand experience the frustration students feel when they need to study or do work, but have nowhere to turn to. By meeting this high demand and providing tutoring services in line with the schedule of the modern student, Classmate will have a competitive advantage in the target market of high school students, driving its success.

B. Business

Company Name - The business shall be named “Classmate”

Mission Statement - Classmate’s mission is to provide a convenient, person-oriented learning platform that will help students achieve their academic goals, regardless of circumstances.

Vision Statement - Classmate will be a pioneer in tutoring services by understanding and accommodating the busy schedules of modern students.

Objectives - Year one - Total customers/jobs of 3,556; Year two - Total customers/jobs of 3,655; Year Three - Total customers/jobs of 3,800.

C. Idea for Service

1. Rationale - Students are busier than ever, balancing their investments in extracurricular activities and increased course loads, adversely affecting their academic performance. However, their busy schedules also prevent them from being able to receive tutoring, as many businesses close at 7:00. We believe that if you raise your hand, someone should be there to help, and Classmate will be that “someone”.

2. Service Description - Users will create an account and be given four services: 1) **real time essay feedback**; 2) **general subject inquiries**; 3) **college application advisory**; and 4) **test prep**. He or she will choose a tutor based on subject area or availability and work with them

on Classmate’s video chat or an alternative application if desired. During the session different widgets are available, like a notepad. Hours for tutoring sessions are from 8 PM to 2 AM.

3. Competitors - Classmate does not have direct competitors. However, some online and in-person tutoring services are listed below:

Company	Price of Product	Strengths	Weakness
Khan Academy (global)	Free online services	<ul style="list-style-type: none"> - Universal accessibility (Anytime, anywhere) - Step by step video tutorials - Various subjects of math, science, and history - Assistance with AP, ACT, SAT and other exams 	<ul style="list-style-type: none"> - No in person consultation - Amount of material is limited to the website - Responses to questions or concerns take a while to be answered
Excel Learning Center (local)	Private tutoring \$45.00 per hour	<ul style="list-style-type: none"> - Has multiple programs: SSAT, SAT/ACT, Academic Tutoring, AP exams, College Consulting - Large range of tutors (flexible hours) - Personalized assistance 	<ul style="list-style-type: none"> - Hours are limited (weekdays 1pm - 7pm) - Located in town (South King Street) which makes it inconvenient coming from certain regions
Intelleyou Learning Center (local)	Private tutoring \$54.00 per hour	<ul style="list-style-type: none"> - Tutors are well experienced and knowledgeable: college students/graduates - Personalized assistance 	<ul style="list-style-type: none"> - Hours are limited (weekdays 3pm - 7pm) - Located in town, making it inconvenient for those farther away

D. Market Research

To gauge the demand for Classmate, primary market research was conducted with our target market of high school students. A random sample of 75 students entering Kaiser High School on Monday, October 23. Four statements were asked, the first being “yes” or “no”, and the other three on a 5-point scale, with 1 being “agree strongly” and 5 being “disagree strongly.” The results are shown below:

Statement	Yes	No
I have used tutoring services.	47	28

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly disagree
There aren’t enough tutoring resources at night.	11	43	18	3	0
I would use a late night tutor service for work, test prep, or college apps.	14	36	14	9	2
\$40 a session is a reasonable price.	4	12	27	22	10

From the data, we could conclude with a that there exists a high demand amongst our target market for Classmate (66% of sample), though prices would have to be lowered, as \$40 was deemed too expensive.

E. Marketing

1. Target Market

Description	Statistics
Number of High Schools in Oahu (Private and Public)	45
Approx. number of high school students in Oahu	51,000
Approx. number of High School students involved in athletics	22,500
Number of tutor academies in Oahu	66
Average number of students per academy	50

Oahu has a significant high school student population, with approximately 51,000 students across 45 schools. Furthermore, of these students, about 22,500 are involved in sports. While all students will be targeted by Classmate because of the universal desire to overcome academic challenges by means of resources, student athletes are our core demographic. This is because the strenuous schedule of sports raises the challenge managing school work, which Classmate alleviates through its accommodating hours of operation. Also significant are the number of tutor academies in Oahu--66. With an average of 50 students in each, the academies could be influential partners, bringing more students to Classmate.

2. Marketing Strategies - a. Services and b. Price

Offered Packages

Package Name	Features	Prices
Freshman Session	A session that will prepare students for that test, and get that assignment turned in with high marks! <ul style="list-style-type: none">- One hour tutor session with an experienced and subject-specialized teacher- All forms of communication are available via Skype, Phone Call, and Messaging.	\$32
Sophomore Package	Three sessions that will promote student excellence and prepare students for the next level! <ul style="list-style-type: none">- Each session includes one hour tutor sessions with an experienced and subject-specialized teacher- All forms of communication are available via Skype, Phone Call and Messaging	\$90
Junior Package	Five sessions that will help students reach their academic potential to their fullest extent! <ul style="list-style-type: none">- Each session includes one hour tutor sessions with an experienced and subject-specialized teacher- All forms of communication are available via Skype, Phone Call and Messaging	\$140
Senior Package	Seven sessions that will help make students exceptional in their own classroom! <ul style="list-style-type: none">- Each session includes one hour tutor sessions with an experienced and subject-specialized teacher- All forms of communication are available via Skype, Phone Call and Messaging	\$200

3. Marketing Strategies - I. Promotion

Keeping in mind the target demographic of high school students, the importance of social media marketing cannot be understated. With an initial promotional budget of \$1500, attention-getting advertisements will be posted on the most popular teenage social media platforms--Snapchat, Instagram, and Twitter. Meanwhile, newspapers and magazines, which appeal to an older market, will not be used for advertising. Generation Z is heavily influenced by online trends, so we will cooperate with local social media celebrities in promoting our brand. Especially important is the emphasis that Classmate has flexible hours and offers personalized, professional guidance. Another way to promote the website is cooperation with other after-school tutoring programs in utilizing Classroom as a resource for their students.

4. Marketing Strategies - II. Placement (and Operations)

Through advertising and promotions on popular social media, student customers will be led to Classmate's website, maintained by a web designer, who ensures that the interface is easy to navigate and appealing. Two free hour-long tutoring sessions are offered to entice new customers. Afterward, students interested in continuing the service can correspond with a receptionist to choose the plan that meets their needs. One marketer will lead the ad campaign with the allocated \$1500. Teaching the content are ten tutors of different concentrations, mostly recruited from college or graduate school.

F. Finance

1. Startup Costs

Our start-up costs total \$45,995, with heavy expenses going to the salaries of the 10 tutors (who will primarily be college or graduate students), a website technician and receptionist, website maintenance, advertising and promotions, and rent. Further cost analyses are on the following page.

2. Sources of Financing

Classmate has plans of finding private investors such as local CEOs' that will see the potential of the company, and will invest the needed amount to start the company.

3. Cost per Unit

Refer to the "Classmate: Income Statement Year 1" for the per unit breakdown of the cost of variables, and fixed costs. Variable costs included payroll and maintenance fees. Fixed expenses were for rent, a receptionist, and promotions. Per units were determined by dividing total costs by the number of expected packages.

4. Profit

A more detailed explanation of profit is outlined in the Income Statement. The first monthly and yearly profit expectations of Classmate are \$8,297.15 and \$81,805. The profits we are projected to make in the first five years will be invested back into Classmate to hire more tutors in specialized fields and improve the performance of the site, ultimately helping give users with the best services we can provide.

5. Sales Projection for One Year

Classmate, in its first year, is projected to sell 1,550 lesson packages and generate a revenue of \$480,000. See "Classmate: Income Statement (First 5 years)" to see the individualized profits and costs.

Classmate: Start up costs Month 1

10 Tutors (\$20/hour) 8pm-2am (6 Hours)	\$36,000
Receptionist (Starting at \$15.00) 8pm-2am (6 Hours)	\$2,700
Website Maintenance	\$195
Web Designer	\$100
Rent	\$5,000
Promotion	
Social Media (Instagram, Facebook, Youtube)	\$1,500
Cooperation with Academic Institutions	\$500
Total start up costs	\$45,995

Classmate: Income statement Year 1

	Year 1	Average per month (10)	Per Unit
Revenues	480,000	48,000	\$310
Variable Expenses			
Tutors (10)	360,000	36,000	\$232
Receptionist (1)	27,000	2,700	\$17
Website Maintenance	195	19.5	\$0.13
Web technician	4,000	400	\$3
Sub Total	391,195	39,119.50	\$252
Fixed Expenses			
Rent	5,000	416.67	\$3
Promotions	2,000	166.67	\$1
Sub Total	7,000	583.33	\$4
Total Operating Expenses	398,195	39,702.83	\$256
Net Income	81,805	8,297.17	\$54
Clients			
Freshmen Package	400	40	\$32
Sophomore Package	350	35	\$90
Junior Package	500	50	\$140
Senior Package	300	30	\$200
Subtotal of Packages	1,550	155	

Classmate: Break even & Per Unit Analysis Year 1

Sales	\$480,000
Total Variable Expenses	\$398,195
Fixed Cost (Total Variable Expenses)	\$398,195
Breakeven Analysis	
Annual Sales and Cost	
Sales - Number of customers	3,556
Average Sales Price	\$135
Variable Cost	\$125
Contribution Margin	\$60
Annual Customers	
Customers Required to Break Even	2950
Sales Required to break even	\$398,195
Monthly Customers	
Customers Required to Break even	295
Sales Required to break even	39,820

Classmate: Income Statement (First 5 years)

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	\$480,000	\$528,000	\$624,000	\$672,000	\$720,000
(Variable Expenses)					
Tutors Payroll (Starting rate \$20.00/hour)	360,000 (10 Tutors)	396,000 (11 Tutors)	468,000 (13 Tutors)	504,000 (14 Tutors)	540,000 (15 Tutors)
Website Maintenance (Starting at \$16.25/month)	\$195	\$200	\$205	\$210	\$215
Website Technician Payroll	4,000 (\$100/week)	4,800 (\$120/week)	5,600 (\$140/week)	6,000 (\$150/week)	\$6,200 (\$155/week)
Receptionist Payroll (Starting rate 15.00/hour)	27,000 (1)	27,200 (1)	27,450 (1)	27,600 (1)	28,000 (1)
Fixed Expenses					
Rent	5,000	5,350	5,500	5,800	6,000
Promotions	2,000	2,400	2,800	3,300	3,600
Total Operating Expenses	398,195	435,950	509,555	546,910	584,015
Net Income	81,805	92,050	114,445	125,090	135,985