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in fulfillment of the Requirements
for the degree of
Master
in
Business Administration



商學院



Abraham Academic Academy

A New Language and Cram School
Franchise Chain



By John Vatougios

Abraham Academic Academy

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Executive Summary

Business Description

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Marketing Analysis: Segmentation and Positioning

Market & Competition Analysis

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Executive Summary

- **Company Name:** Abraham Academic Academy
- **Meaning:**
 - 1) A Reputable Name,
 - 2) Our Field of Interest
 - 3) An Institutional Sense of Standards and Specialization
- **Benefit:** Save Money and Save Time. Broaden Your Mind By Learning New Languages in a New Way.
- **Propose:** A life long educational provider. We will be with our children from PK-12. By provision of all the answers ever needed through our network and service for all our students educational needs

Nature of the Team

- We are a team of entrepreneurs in the education industry who understand the direction of the education industry.
- We have a desire to connect with other entrepreneurs and provide them with the ability to be outstanding educational providers with the best possible education at the lowest possible price by utilizing our network and services.

Nature of the Business

- The 3 Elements of Abraham Academic Academy Business:
 - The Franchise Group
 - Curriculum Development
 - Schools
- The Fundamental Focus of Abraham Academic Academy:
 - Supplement a Host Country's National Curriculum (Cram Schools)
 - Provide Foreign Language Courses (Language Centers)
- The 3 Pre-University School Levels that Abraham Academic Academy will Service:
 - Pre-Kindergarten & Kindergarten Levels
 - Elementary and Middle School Levels
 - Secondary School Levels (Junior and Senior High School)

Nature of Business in Education

Abraham Academic Academy Believes it is Better to Supplement than Provide the Standardized Education of a Nation.

- Larger Market
- Competition is Relative
- Lower Initial Costs
- Lower Compliance Issues

Abraham Academic Academy Believes it is Better to be a Language School than a Cram School.

- Prestige
- Elite Schools
- Overseas Connection
- Broaden Minds
- Recreational & Redundant

Abrahamic View on Education

Business Concept

Our ideas started with the basic concepts behind what is not being done either well or at all in the language and cram school industry.

We shifted focus to how we can share and pool resources to lower costs and leverage each other's entrepreneurial ability on a common platform.

We want to broaden our entrepreneurs minds to unlimited opportunities for development and growth by extending our schools' reach out into the community and bringing in and being surrounded by complementary and supplementary services so that the school is not only a pillar of the community but a center for everything that a parent or student can want.

Business Plan Purpose

Outline:

Long-Term Aspects of Building the Abraham Academic Academy Franchise.

Focus:

Short-Term (Immediate) Opening of the Kindergarten School.



Abraham Academic Academy

Symbolic Representation of Concept

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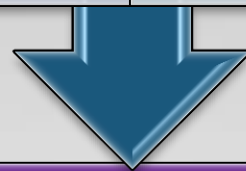
Business Description

Fundamentals (School Level)

Our Core: Language & Cram School

Local Language Dept.

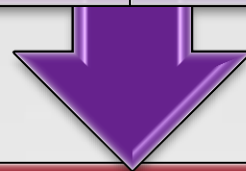
Foreign Language Dept.



Foreign Language Dept.

Americanized Way of Life

K-12 Language Curriculum



Local Language Dept.

Specific School
Specialization

Unique Trait

Local Curriculum

Fundamentals (School Level)

Employment Practices

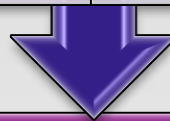
Between 16-31



School Size

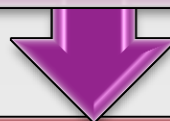
Between 200-400 Pings

Between 661-1322 m²



Number of Rooms

Between 25-30



Recreational Facilities

Yes, Preferably Outdoors

Fundamentals

Purpose: Support the School & Franchisee

All Educational Needs

All Business Needs

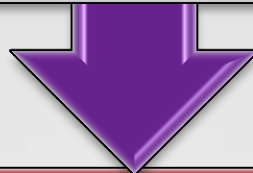


Idea

Customer Centric

Develop
Specialization/Trait

Do the Right
Thing



Recruiting Tactic

Education people who want
to focus on the teaching

Entrepreneurs who want to
focus on the business

Taiwan will be our initial home base for operation. Primarily due to our familiarity of the local environment and industry.

We will construct a flagship school to be used for demonstration purposes and to conduct local Taiwan expansion operations.

The flagship school will allow us a place to immediately begin operations and earn an income. This will allow us to develop, implement and test our curriculum.

The flagship school will allow us to fine tune our franchising model and develop the resources, network and other offerings vital to our expansion.

The operation will be managed by the founders who will share equal responsibilities to monitor and guarantee customer satisfaction of our users.

Login

[you don't have an account ?](#)

E-mail adress :

Password :

[forgot your password ?](#)

LEAVE

GO

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Business Model Analysis

Business Idea

- Based on a Physical Location and the Traditional Role of a School already used in the Industry.
- Recognition, Standardization & Accreditation (Transferable & Portable)
- Fit; Not Change the
- Long Term PK-12
- Replication of a Pe

In other words, Our students come to us and stay with us because not only are we doing well by them but they are better off in the system, further along and better aligned with, with our help.

Business Model

- An Operator of Company Owned Schools
- The Sale/Transference of Company Owned Schools
- A Franchiser of Schools
- Investor in properties
- Upstream & Downstream
- Low Percentage (15%) of Company Owned
- No Direct Sales to Franchisees
- Training via Flagship Schools or Licensees
- School Establishment & Maintenance
- Balance of Regulation and Entrepreneurial Freedom

In other words,
Revenues and costs
are based on
existing models
used in the industry
with the real-estate
twist.


Business Plan

- Implementation of the Flagship Schools
Beginning with the Kindergarten
- The Development of the Curriculum
- The Development of Abraham Academic Academy
Franchise Group, its
- Expansion Plans

In other words, We are Ready-Set-Go with the Kindergarten and have both short-term and long-term plans in play for the rest.

Kindergarten (provided)

- 60% Minimum Curriculum Adoption
- Schedules
- Special Activities
- Key Resources (Infrastructure and Personnel)
- Program Options
 - English, Chinese, Bilingual, Childcare, Daycare and "ONLY" Environment Designation
 - Full-Time: 5 days 8:30-4:30
 - Part-Time: ½ Day Morning or Afternoon,
 - Part-Time: Monday-Wednesday or Tuesday-Thursday
- Ages



A kindergarten will be provided with the entire structure needed to become fully functional and an experienced team to train new employees to aid with its operational transition.

Franchise Group (access to)

- Network

- Overseas Low-cost Caregivers
- Local Assistant Caregivers
- Overseas Native English Speaking Teachers (NEST)
- Educational Materials Procurement
- Durable Equipment & Materials Procurement
- Partner-School Access (Facility Tours)

- Services

- Consultation & Student Services Division
- Customer Relations Support
- Training & Quality Control
- Business Division
- Marketing Division
- Legal Aid

- Systems



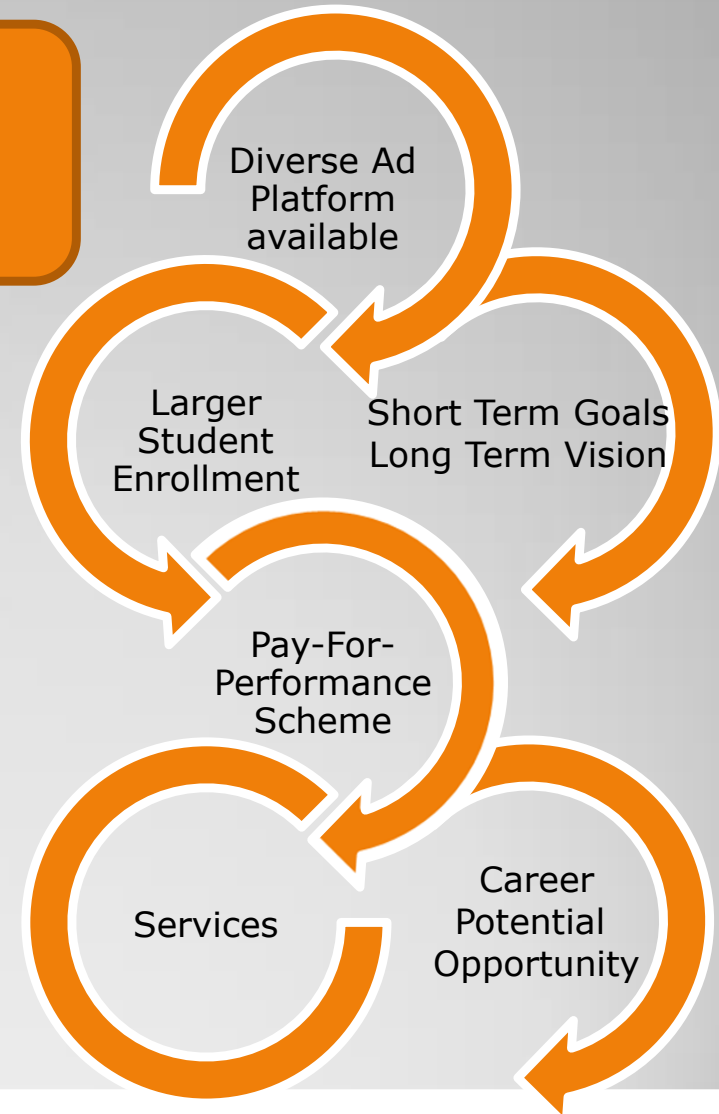
Once a Kindergarten is up and running it will have access to all these services to ensure that it remains competitive and customer centric.

Value Proposition (Franchisee)

Great Education Value:
High Level, High Quality, Low Cost Structure.
Complete Curriculum & Educational Support

Big Business Mentality
Decentralized Approach

Design & Structure
Cost Efficiency, Large Reach w/Targeted
Schemes and Bells and Whistles



Value Proposition (Consumer)

One-Stop Shop:

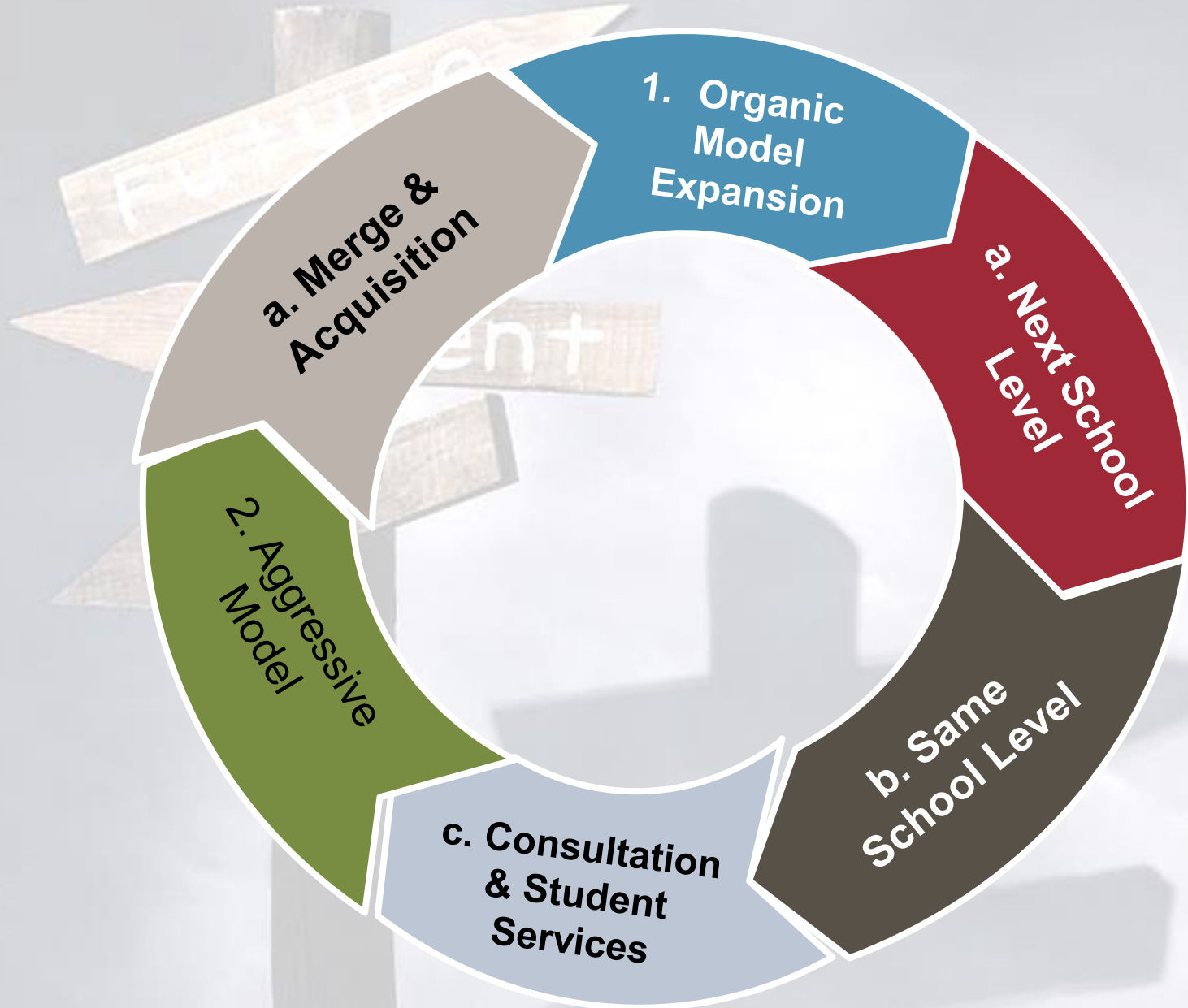
Full-Day, Extended, Afterhours, and Weekend Hours of Services, Extra-Curricular, Complementary and Supplementary Services

Long-Term Interests:

Grow w/customers, Think of Future Steps and Interests

Part of the Family





Expansion Plans

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Marketing Analysis Segmentation & Positioning

Market Segments

- Target Market (Financial Providers)
- End User (Students)

Marketing Strategy

Lower Levels (Target Market)

< Shift w/AGE <

Higher Levels (End User)

Market Segment (Target)

1

- Older (30 - 45) career oriented males & females, who are married with children. High education, high social class, middle to high income.

2

- Younger parents (20-30) and older parents (30-45) with access to a family support network. Medium-High education, social class and income.

3

- Older parents and Grandparents (45+). Varying education and social status, but financially secure.

Market Segment (End-User)

1

- Students that represent the top of their classes. These students enjoy school and the education process.
- They are willing to work hard and want to succeed to satisfy their own purposes or their parents' aspirations.

2

- Students that represent the middle to bottom of their classes. These students are in school because they have to be.
- They work to satisfy external pressures and are not convinced/bought into the education dream, but have not fully rejected it.
- They understand it is important and will continue on until they are old enough or other options have presented themselves.

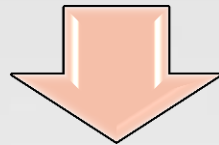
Positioning

- **Institution Take the Higher Ground**
- **Foreign (Overseas Connections)**

- **Option to Elite Schools. We Provide Similar Services on a Smaller Scale.**
- **Lifestyle (Broadened Perspective. Alternative to Industry Norm)**

- **Product Class, Price/Value Ratio**
- **Long Term Involvement**
- **Full Service**


Promotional Strategy



Marketing Mix

Competitive Strategy

Competitive Scope: Copy-Cat Approach, to match prices to services and product offerings at the low-end while raising margins at the top end through differentiation and extras



Differentiation: Foreign Institution, K-12 Curriculum, Specific School Specialization



Cost Leadership: Utilize the economies of scale, franchising benefits, aspects of our low-cost business model and focus on ways to reduce costs and spending

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Market & Competition Analysis

SWOT Analysis

Strengths

- Program, Schedule, Pricing Flexibility
- Willingness/Experience working with entrepreneurs & bankrupt businesses
- B2B & B2C Business Options
- Cost-Effective Structure
- Original Source of Curriculum
- Western education expertise: John Vatougios
- Taiwanese education expertise: Jenny Lai

I N T E R N A L

Weaknesses

- No brand exposure/recognition, no established school reputation
- No franchising experience, chain experience
- No Size/Market Share: starting from scratch
- No team: Must develop team and culture
- No blue ocean, no un-replicable defining trait
- Initial Sub Scale and Large Scope Focus

SWOT Analysis

Opportunities

- liberal foreign employment policies towards teachers
- National Policies Favor Educational Development
- Existing Cultural Beliefs
- Stable costs: stable inflation, low costs of materials, labor
- No international players
- Plentiful Talent and low cost capital
- Transferable skills to other emerging markets
- Mature market with established high margins stable prices and no wars
- Market contraction/consolidation
- Long-Term Customer Loyalty/Relationships

EXTERNAL

Threats

- Late-Mover Disadvantage
- Red Ocean (Stagnant/Shrinking)
- Espionage/ Copy-Cat
- More Experienced & Wealthier Players
- Consumers Finicky/Judgmental
- Fast Growth Model Dependent on Entrepreneurial Willingness/Support
- Cross Cultural Complexities and Alliances
- High Foreign Employment Turnover Rate
- Hard to Provide Non-Urban Schools with Foreign Teachers

Medium to High; Customers are aware and more experienced with handling educational providers. They know they have more control over the performance price value being offered.

Low; Consolidating Market, stagnant growth and red ocean environment.

Raising standards and larger Chain-School players

None; as equipment is common and subject to fair competitive market price

Low; Large number, but in a mature adjusted market. Price vs. Performance & educational pressure

High;
Survival of the Fittest, Large market w/ many niches, changing public mindset

Porter's 5 Forces

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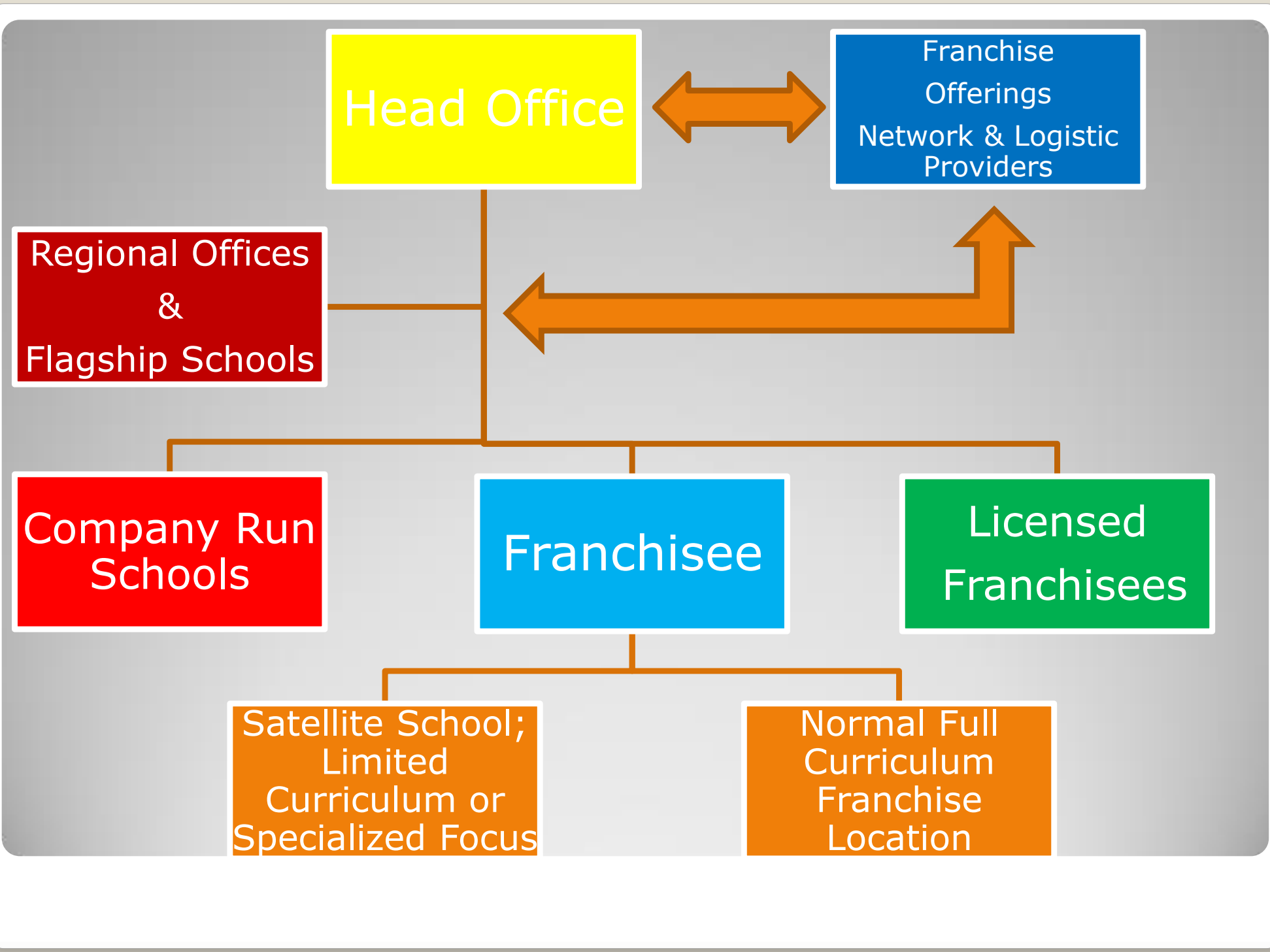
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Management & Organizational Structure



Head Office

Franchise Offerings Network & Logistic Providers

Regional Offices & Flagship Schools

Company Run Schools

Franchisee

Licensed Franchisees

Satellite School; Limited Curriculum or Specialized Focus

Normal Full Curriculum Franchise Location

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Risk Analysis

Hypothesis: Risks to Mitigate

- The 1st YEAR, RED OCEAN
- Manage Growth Rate (Organic vs. Aggressive)
- Deliver What We Promise: Franchise Expectations
(Establishment of Reliable & Cost Effective Network Economies of Scale)
- Experienced Management
(Post Investment Management Requirement)
- Manage our Diversity Issues
- Cross Border Potential
(How to Grow; Integrate Local/International Markets)

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Financials

Where we would get the money from?

Initially the Capital Will Be Provided by the Team

John Vatougios and Jenny Lai

In Addition, Between Us We Have Available

Reserve Funds, Monthly Disposable Income,
Collateral and Credit Lines

Idea Stage (Platform Development)

September 2013:	Company Incorporation
September 2014:	Settle on Location and Facility
Beginning 2015:	Negotiate Lease, Commence Renovations
September 2015:	Open School

Find investor/partner
for Franchise Development Financing Purposes
Access to a mix of resources, cash, and talent
Negotiate Partnership Rights Prior to Lease Signing

Launch Stage (Working Platform)

Signing the Lease

Landmark: September 3 2015. School is open to the public. First day of class. Goal: 25 Students enrolled, 40 prospects, established good community relations. Our Scope is Local (few neighboring communities)

Depending on summertime pre-enrollment figures, we will be looking for angel investors for the purposes of future investment/expansion for a period of 18 to 24 months.

Community Grassroots)

Flyers

Set Up a Booth

Expansion Stage (Operational & Profitable)

- Finalize expansion rate expectations and policy employment. Raise capital, conduct several rounds, each round 12-24 months.
- Venture Capitalist will be willing to invest in profitable school, which is the grounds of our business proposal.
- Parents and children will be willing to enroll in proven school.
- First Round:
Landmarks: Focus on Profits, attendance figures (60% Capacity).
- Second Round:
Landmark: Profitable @ 80% Capacity, Begin Expansion Timetable.

Abraham Academic Academy - Income Statement - Summary

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues					
Monthly Fees	\$3,400,000	\$5,440,000	\$7,480,000	\$8,302,800	\$8,717,940
Semester Fees	\$6,720,000	\$10,752,000	\$14,784,000	\$16,410,240	\$17,230,752
Total Revenues	\$10,120,000	\$16,192,000	\$22,264,000	\$24,713,040	\$25,948,692
Expenses					
Salary Expense	\$9,204,000	\$10,592,000	\$11,980,000	\$13,368,000	\$13,769,040
Depreciation	\$0	\$0	\$0	\$0	\$0
Monthly Rent	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000	\$4,200,000
Monthly Utilities	\$744,000	\$766,320	\$789,310	\$812,989	\$837,379
Misc. Expense	\$2,125,380	\$2,674,425	\$3,254,501	\$3,352,136	\$3,452,700
Total Operating Expenses	\$16,273,380	\$18,232,745	\$20,223,811	\$21,733,125	\$22,259,119
Operating Income	(\$6,153,380)	(\$2,040,745)	\$2,040,189	\$2,979,915	\$3,689,573
Loan Interest	\$0	\$0	\$0	\$0	\$0
Earnings Before Tax	(\$6,153,380)	(\$2,040,745)	\$2,040,189	\$2,979,915	\$3,689,573
Tax Expense (17%)	(\$1,046,075)	(\$346,927)	\$346,832	\$506,585	\$627,227
Net Income	(\$5,107,305)	(\$1,693,818)	\$1,693,357	\$2,473,329	\$3,062,346

Cash We Need

How we use the fund ?

Infrastructure

- Facility Renovations
- Equipment, Materials & Supplies

Labor

- Construction Crew
- School Staff

Operating Costs

- School Premise, Basic Supplies, etc.
- Equipment Storage (Prior to Lease)

Admin

- Founders don't get paid until the company does

Marketing

- Community Based Project Launch
- Low to Start, Increase with Need

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Conclusion

NABC

Need

As long as there are universities with competitive enrollment pressures there will be a need for Cram Schools to supplement a student's studies. As long as the world keeps getting smaller there will be a need for language schools to teach a communicable and standardized international language.

Approach

To use the industry's consolidative pressures and raising educational standards with the benefits associated with a franchise group to bring smaller players on board, to buy-out potential players and to buy-up bankrupt schools.

NABC

Benefit

A One Stop Full Service Shop for the consumer w/ a Low cost efficient structure for the franchisee owner.

Competition

After market consolidation there will be only a few dominate players left on the field: the franchise cram and language schools, highly specialized niche market schools and old entrenched smaller players with industry experience and business know how.

A b r a h a m
A c a d e m i c
A c a d e m y

A New Language and Cram School
Franchise Chain

Thank-You