

Encourage & Inspire Academics: Educating the Future

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A Senior Thesis submitted in partial fulfillment  
of the requirements for graduation  
in the Honors Program  
Liberty University  
Spring 2018

Acceptance of Senior Honors Thesis

This Senior Honors Thesis is accepted in partial fulfillment of the requirements for graduation from the Honors Program of Liberty University.

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### Abstract

Starting a school presents many difficulties, but a business plan provides a method by which to work through many of these issues. The following business plan for Encourage & Inspire Academics, hereafter referred to as E & I Academics, explains many aspects of the proposed business from operations to competition to target market. E & I Academics is a proposed business that will offer both afterschool tutoring and homeschool tutoring services to families who wish to invest in a quality education for their children. E & I Academics will offer more personalized services than a typical public school and will provide homeschooling students with the opportunity to learn from state certified, degree holding teachers. Education is an ever-present need, and E & I Academics will fill a niche in the market between traditional schools and the homeschool community.

*Keywords:* education, business, tutoring, public school, private school, homeschool

## Encourage & Inspire Academics: Educating the Future

### **Executive summary**

Encourage & Inspire Academics (E & I Academics) is an education business that will provide both afterschool tutoring and homeschool tutoring options for students in elementary and middle school, grades K-8. Each client will specify the subjects covered in the tutoring, and the E & I Academics tutor will create a custom curriculum for the client based on the client's needs and interests. E & I Academics will appeal primarily to middle and upper-class families who have the money and desire to invest into their children's education. Ideally, E & I Academics will serve families who would prefer to homeschool their children, but cannot for any number of reasons.

As a business in the education market, E & I Academics faces many competitors, primarily in the form of the public-school system and a variety of private schools. Other types of competition come from the growing homeschool movement and even from online education options. The public-school system dominates the market, but E & I Academics will have an advantage in the personalization of its offerings. Furthermore, E & I Academics will also work with the public schools through the afterschool tutoring aspect of its business. These same advantages hold true to each of the other types of competition that E & I Academics faces. Since E & I Academics will be able to work with the existing education institutions, the marketing and sales work will be minimal, relying on personal interactions and advertisement with the schools and families thereof who would most benefit from the services offered.

The primary teacher and operations manager will be Rosalyn McCoy, the sole owner of E & I Academics. She will be a fully certified teacher both in Virginia and in

New York and will have received her degree in elementary education with a middle school endorsement by the time of the business's launch. She hopes to develop the business to the point where E & I Academics has over 20 clients. Clients will include students in need of afterschool tutoring in specific subjects, or students who need a homeschool teacher, a complete education. E & I Academics is prepared to encounter an increase in either the homeschooling market or in the traditional public schooling demand since the business offers services in both areas of the education market. Ideally, within ten years of operations, E & I Academics will hire two additional teachers to allow the business to expand further and include more clients.

Financially, E & I Academics has a goal of making \$18,000 dollars after the second year of operation. No outside funding will be necessary since the business requires no significant overhead or startup costs that the owner cannot personally cover. E & I Academics will provide an educational option to families seeking quality alternative opportunities for their students. Students who simply require additional support in their current academic endeavors can also benefit from E & I Academics' services. Education is one of the most basic needs of society next to food, clothing and shelter. E & I Academics, with its services geared to engage several sectors of academic need, will thrive as a business in the essential and ever-diversifying educational market.

### **Company Description**

E & I Academics will be an educational institution located in the Buffalo, New York area. E & I Academics does not have a permanent service address, but the operating office address is 8905 Falls Road, West Falls, New York. E & I Academics will begin as a tutoring business, and, thus, will provide its service in the homes of its clients or in

public venues such as libraries, churches, and schools. Therefore, for the initial stage of the business, E & I Academics will only have an office address and will operate under the name E & I Academics.

E & I Academics will be a sole proprietorship owned by Rosalyn McCoy during its initial stage. After the initial stage of the business, E & I Academics may seek to become a non-profit school entity. Such a change depends upon the growth of the school and the needs of the stakeholders in the business. Due to licensing requirements and specifications, the owner and operator of E & I Academics, who will also be the primary teacher in the initial stages of business, will obtain and maintain a New York teaching license. Any other employees of the business who actively participate in the education of clients will be required to have a valid teaching license in the United States or at least three years of teaching experience.

E & I Academics is still a concept in the mind of Rosalyn McCoy, who has been developing the idea since 2014. As a business idea that has not yet taken shape, E & I Academics has not yet reached many major milestones. However, E & I Academics is still taking steps towards becoming a reality. Rosalyn McCoy has secured a trial account in the form of a tutoring position for the space of a year and a half. This tutoring position provides experience in planning custom curriculum and teaching various grade levels simultaneously. Furthermore, E & I Academics has made steps towards gathering advisory committee members who will lend their expertise to improve the performance of the business throughout its development. These advisors include veteran teachers, business owners, and other entrepreneurial educators. Through the experience of teaching

and the expertise of the advisors, the owner of E & I Academics will be able to make informed decisions regarding the business's future.

E & I Academics will offer educational services to individual students and families in need of an alternative to standard educational offerings. Initially, E & I Academics will operate as a tutoring business, offering afterschool tutoring. The afterschool tutoring services will consist of individualized learning plans and activities for students whose parents want to support and add to the education provided by a standard school. Service offerings would then expand to include a complete education options for students in Kindergarten through eighth grade. The complete educational service, will provide parents an educational option that mimics homeschooling, but without the time and effort expenditures on the part of the parents themselves. E & I Academics will, by providing a competent tutor, homeschool students who choose the complete education service. Ideally, E & I Academics will be able to offer solely the complete education service by the end of five years of operation, and the afterschool tutoring service will no longer be necessary to the business model.

However, in the first five years of operation, E & I Academics will provide afterschool tutoring services on weekdays in the afternoons, while filling the school hours with teaching students receiving the complete education, or homeschooling, service. These tutoring sessions will take place in a public venue such as a library or in the clients' homes, and the clients will choose the frequency and duration of the tutoring sessions. Those students whom E & I Academics will homeschool will receive an in-home tutoring session for up to three hours 3 days per week. E & I Academics will also work with the parents' and students' inclinations and preferences in developing a

comprehensive curriculum for each student that will deepen the student's knowledge and broaden his or her interests. Incorporating afterschool tutoring into the business's offerings will provide E & I Academics with income until the homeschooling and curriculum service can expand to support the business. After the first five years of operation, the homeschooling service will account for the majority of E & I Academics' business.

E & I Academics will provide both tutoring clients and clients who choose the complete education service with excellent curriculum and supplemental materials. In order to ensure quality, E & I Academics will vet curriculum based on the clients' needs and according to the recommendations of the business's advisors. E & I Academics will screen each child for their academic aptitude and will provide a questionnaire for the students to record their academic interests. After obtaining and analyzing such information, E & I Academics will incorporate the knowledge of its advisors into a final decision about the appropriate curriculum choices for the student. The options for curriculum will be extensive, including both online resources and hard copy options, resources for students who wish to study in depth or simply introduce or review a subject, and opportunities ranging from theoretical study to hands-on experiments. Each student will receive the combination of these resources as deemed appropriate by the teacher in charge of the student with the input of the advisors. The process of choosing curriculum is a vital part of the services offered by E & I Academics.

E & I Academics currently has no source of funding outside the personal accounts of the owner. The primary expenses of the business in its initial stages consist mainly of unpaid labor on the part of the owner, thus making large sources of outside funding

unnecessary. The owner has a trial account that will serve as a financial model for future tutoring services. According to this model account, E & I Academics will have very low overhead costs, consisting only of planning time on the part of the owner. As an education provider, the business will use curriculum and classroom materials on a regular basis. However, since the object of E & I Academics is to provide custom educational experiences, the curriculum and materials will need to be specific to each client, and thus, billable to each client individually. Besides curriculum for each client, wages for tutors are the largest and most obvious expense for E & I Academics. However, each of these expenses will be billable to the individual client accounts. While outside donations and funding are not necessary at this stage in the business, E & I Academics has a financial model based on the trial account that will be discussed later in this document. Overall, E & I Academics will generate most of its income from the sale of its services, not from donations, loans, or grants.

Education as an industry, especially at the elementary and middle school levels, rarely occurs to people as an industry or a market for a business. Much of the lower education industry has moved under the government's umbrella, whether at the local or the state level with about 76% of American students attending a standard, district-assigned public school as of 2012 (Cheng & Peterson, 2017). Non-profits and churches have filled in many of the gaps left by the public schools, and some parents opt out of both private and public education in favor of homeschooling. The same study in 2012 by the National Center for Education Statistics found that private schools enroll 10% of students, and the remaining students attend charter schools, special district schools such

as magnet schools, and a very small percentage attend a homeschool (Cheng & Peterson, 2017). None of these operations involve a for-profit business.

However, the success rates of traditional types of schools over the past decades leave room for improvement, and E & I Academics can fill that space with quality educational opportunities. Public schools dominate the elementary and secondary education industry as previously mentioned. The National Assessment of Educational Progress, NAEP, tests fourth and eighth grade students in both public and private schools on a variety of subjects, but primarily math and reading (The Nation's Report Card, 2015a). The students score on a 0-500 point scale, and, in 2015, the average fourth grade student scored below 250 in reading, while the eighth grade average was only slightly higher at 265 (The Nation's Report Card, 2015c). These scores are the same as or slightly below the scores from 2013, indicating a lack of progress or even regression in skills (The Nation's Report Card, 2015c). According to this numeric scale, public school education does not seem to adequately equip the average student for academic success.

The testing also rates students as performing at a basic, proficient, or advanced level. Proficient students are considered to "demonstrate solid academic performance" (The Nation's Report Card, 2015b, para. 1). In 2015 in the public schools, only 33% of eighth grade students and 35% of fourth grade students received a proficient or above rating in reading with similar trends occurring in the mathematics testing (The Nation's Report Card, 2015a). While private school students performed better with 49% of fourth graders rating at proficient or above and 57% of eighth grade students receiving such a rating in reading (The Nation's Report Card, 2015a), the test indicates that 50% of students cannot perform proficiently in the classroom. E&I Academics will fill the

educational void left by both traditional public schools and private schools by providing a quality, personalized education to students, thereby ensuring that those students can perform in any classroom.

### **Target Market**

Defining a business's target market allows the business to cater its services towards a specific group of people who are most likely to purchase the business's product. Generally, a business will apply market segmentation in order to determine what portion of the population is most likely to be customers (Dolnicar & Leisch, 2017). Identifying a specific target market is one of the most important aspects of any marketing activity undertaken by a business (Slater, Hult, & Olson, 2007). Indeed, the actions a business takes based on its determination of a target market are instrumental in deciding the success or failure of that business (Slater et al., 2007). In order to properly segment the population and discover the most attractive target market, a business will apply several criteria and sort the market population by those criteria (Dolnicar & Leisch, 2017). Often, the segmentation occurs according to criteria such as what clients desire from the product or service, or the demographics of the client base (Dolnicar & Leisch, 2017). E & I Academics defined its target market according to potential client socio-demographics and prospective motivation for purchasing the services offered by E & I Academics.

E & I Academics will offer tutoring and complete education services to students and families in the greater Buffalo, New York, geographical area. Specifically, E & I Academics will target an area slightly south of Buffalo in a 15-mile radius around the business's operating office in West Falls, New York. The 15-mile radius region includes

the Southtowns region of Buffalo, an area of largely suburban towns such as West Seneca, Hamburg, Springville, and Orchard Park. The Southtowns region around Buffalo, New York, is a suburban area with 17 public school districts represented within the 15-mile radius around West Falls, New York (New York State Education Department [NYSED], 2017). As of 2010, the population density of the Southtowns varies based on the town in question from about 1,400 to 2,400 people per square mile and about 20% of the population is under 18, (United States Census Bureau, 2017). The existence of this large number of public school districts indicates the relatively high population density of the area and the large number of students in the region.

Ideally, E & I Academics will not have to advertise or work outside the 15-mile radius region, because working in this region will allow E & I Academics to keep its efforts condensed and efficient. Efficient operations will keep the costs of travel and advertising to a minimum, which is necessary during the first years of operation. In order to increase the efficiency of the business, E & I Academics will focus its efforts towards gaining afterschool tutoring clients on the various elementary and middle schools in the region. The target schools will be Parkdale Elementary School in the East Aurora school district, Union Pleasant Elementary School in the Hamburg school district, and West Seneca Christian School and The GOW School, both of which are private schools. Each of these schools are within the proposed geographical region of E & I Academics. As the business grows, E & I Academics will be able to refine its target area by focusing on specific schools or expanding the target area.

As for the demographics of the target market, E & I Academics will cater primarily to families with at least one child in the elementary to middle school years,

although the growth of the business may allow E & I Academics to expand its offerings to clients requiring tutoring in high school or even collegiate level subjects. While the children will be the people actually using the services offered, the parent or guardian will be the customer whose purchasing power E & I Academics will desire to attract. E & I Academics will offer services that appeal to a niche in the education economy. While many families with a low-income level cannot afford to send their children to any school other than a public school, other families, in a slightly higher income bracket can afford some additional education costs, but not the entirety of tuition at a private school. Lastly, high income families can choose to attend public or private school based on their own inclinations regardless of cost.

The services offered by E & I Academics will not be free, making those in the lowest income bracket out of E & I Academics' target customer range. However, families whose income puts them at the lower to middle class level will be well within the target market. These families have the income to spend some additional money on educational costs, such as tutoring services from E & I Academics. Furthermore, families who are in the middle class may not have enough income to pay for private school. E & I Academics tutoring services accommodate students whose families can afford extra educational expenses. The complete education service offered by E & I Academics caters to families whose income level allows them to seek opportunities other than public school, but who may not be able to afford a private school. Therefore, E & I Academics has services for students from lower middle-class income levels up through the highest income level.

Price is often a deciding factor for families seeking educational alternatives to public schools. Household incomes and private school costs in the operating area of E & I

Academics indicate that the demand niche between the free public schools and the more expensive private schools does indeed exist and needs filled in E & I Academic's geographic focus area. The average median household income for the Southtowns area, the area included in the 15-mile radius around E & I Academic's operating center, is about 70,000 dollars (United States Census Bureau, 2017), which is higher than the median income of 52,744 dollars for the whole of Erie county, the county in which E & I Academics will operate (American Fact Finder, 2016). The income level of the family purchasing the services of E & I Academics is important because while the tutoring services do require the family to spend some money, private tutoring is often a cheaper alternative to private school tuition, thus making E & I Academics a cost-friendly option for families who desire high-quality educational opportunities (Davies, 2004). Overall, the Southtowns area is particularly suited based on household income levels for the services of E & I Academics. Household income, household size, and location are the primary demographic indicators of the clients of E & I Academics, and the demographic group on which the business will focus its efforts are households in the Southtowns area whose income is at least \$50,000-70,000 per year and that contain at least 1 student aged child.

A variety of factors influence a client's decision to choose the educational opportunities offered by E & I Academics. One of these factors is the education level of the parent or parents who actually purchase the service for their child. In general, the more educated the parent or parents, the more involved they are with their children's education (Schlechter & Milevsky, 2010). Since purchasing tutoring services for their children requires a high level of involvement from parents, the target clients of E & I

Academics will typically have a high level of education. According to United States Census Bureau (2017) information, over 90% of individuals 25 and older in the Southtowns area have graduated from high school or more, and from 27% to 49% of individuals 25 years old or older have a bachelor's degree or higher. The variety of percentages for those who have at least a bachelor's degree changes based on the town chosen for inspection. While a high school diploma would be the base level of parental education that would indicate a high level of parental involvement, the geographical area for E & I Academics' operations has a high prevalence of this base level and an adequate amount of higher level parental education. The target customers for E & I Academics will have at least a high school diploma and probably a college degree making parental education level a secondary demographic category for defining target customers.

In the education market, the individuals purchasing educational services generally consider the quality and price as the most important aspects to consider. In their study, Cheng and Peterson (2017) found that parents whose children attend private school are far more satisfied than parents whose children attend a public school. Cheng and Peterson (2017) associate this satisfaction with the higher quality of education that the children receive. E & I Academics' services fall into the private education sector, and, therefore, will benefit by association, and eventually by reputation, from the idea that private educational options are of better quality than public options. As for price, E & I Academics has an advantage over traditional private schools. E & I Academics tutoring services will certainly be less expensive than a full education by a private school simply because of the difference in time commitment and personnel required to tutor a student in specific subjects rather than teach several grades an entire range of academic subjects and

extracurricular activities. However, even when E & I Academics begins to offer full education services, E & I Academics will still have a competitive edge over private schools since private schools require the maintenance of a full-time staff, building, and grounds. Therefore, E & I Academics will utilize its business model as a private education option with low overhead costs to appeal to the purchasing motivations, price and quality, of its target customers.

The approximate size of the target customer base depends on several factors. The first factor is the total population of the geographic area serviced by E & I Academics. The population of Erie County, New York, the county containing the Southtowns area, is over 920,000 persons, of which population, nearly 140,000 live in the focus towns of West Seneca, Orchard Park, East Aurora, and Hamburg (United States Census Bureau, 2017). Since E & I Academics will work with school age children in households, only part of that population figure is actually within the customer base. Of the population in Erie County, 21.6% is under 18 years old, while 5.3% of the population is under 5 years old, making them eligible for educational services (United States Census Bureau, 2017). An estimated two thirds of the non-adult population are in the target demographic of K-8 students. Thus, approximately 11% of Erie County's population is eligible by age to be part of the target market for E & I Academics. While students are the end consumer of E & I Academics' services, parents will be the actual purchasers. The statistics for Erie County indicate that over 40% of families have children of school age (American Fact Finder, 2016). The average income for these families is over \$66,000 per year (American Fact Finder, 2016) which indicates that the average family with children in Erie County has the financial means to consider E & I Academics as an educational option.

## **Competition**

The field of education is full of competition; many types of education exist with various options for individuals with the time and money to invest into education. E & I Academics recognizes that it will be entering a highly competitive field and will need to present a strong business model and a viable service in order to compete with established businesses. Education as an industry is different from many industries in that education has a major governmental presence in the instance of public schools. In fact, public schools accounted for approximately 80% of total student enrollment as of 2013 according to the National Center for Education Statistics, NCES (2016a). Public and private schools make up the two major sources of competition in the education field. In Erie County, the geographical home of E & I Academics, there are 29 public school districts, of which 17 fall within the 15-mile radius target area of the Southtowns (NYSED, 2017). The public-school component of the industry also includes charter schools funded and overseen by the state department of education. Twenty charter schools call Erie County their home (NYSED, 2017), adding to the educational options for families in the area.

Private schools for the most part make up the rest of the educational sector, enrolling the remaining students who have not chosen a public school. As of the 2015-2016 school year, Erie County boasts 62 private schools of various sizes and affiliations according to the Private School Universe Survey (2016). E & I Academics' target area is full of competing educational opportunities from various sectors of the industry including public and private schools and schools in a separate category altogether such as the charter schools.

Each of these schools has its own set of strengths and weaknesses from which E & I Academics will learn how to attract customers and how to avoid mistakes made by others in the industry. Public schools, as the largest portion of the education industry in the geographical area of interest, deserve the closest scrutiny. One of the greatest advantages of public schools is the fact that they are tuition free for all students. Furthermore, according to some studies, public schools provide better opportunities to students and produce more outstanding students than private schools can offer or produce (Potterton, 2015). Other benefits that public schools offer is their convenient location to the families they serve and the quality of teachers that work in the public schools. According to the NAEP data cited by Potterton, about twice as many public-school teachers than private school teachers have received certification in some form (2015). When factoring in the certified teachers, convenient location, and unbeatable price, public schools offer many advantages to their clients, demonstrating that public schools are a strong competitor in the education market.

Private schools also have many advantages, but in different areas than the public schools. Private schools often advertise their low student to teacher ratios as a way that students can experience a more individualized education than is possible at a public school. In 2013 the Census Bureau recorded an overall student to teacher ratio of 6 to 1 in the private schools as compared to a ratio of 16 to 1 in public schools (2016b). Having a smaller class for each teacher generally results in each student receiving more attention and thereby, achieving more academically. According to the NAEP testing results, private school students do indeed score higher than the average public-school students (NAEP Data Explorer, 2015). Another advantage that private schools boast is safety.

While not a large difference, the National Crime Victimization Survey reports that public schools do experience a higher rate of violent crime than do private schools (Yanez, & Lessne, 2018). According to the National Center for Education Statistics, students need to feel safe to fulfill their greatest academic potential (1997), making safety of great concern for any student or parent when choosing a school. School environment and smaller classes both contribute to the private school advantage of having higher performing students.

E & I Academics can utilize the strengths and weaknesses of both private and public schools to its own advantage and thus, compete with these two aspects of the education market. Students who use either service from E & I Academics, the tutoring or a full education option, can gain the personalized, small classroom education experience of a private school at a price that is lower than a private school. E & I Academics will also use only certified or experienced teachers, mimicking the public schools and avoiding the issue of teacher quality that can plague private schools. Furthermore, E & I Academics will, at least in the first five years meet students at their homes or in a nearby public location such as a library. Therefore, E & I Academics will have the public-school advantage of location and also the private school benefit of safety, especially when meeting in the students' homes. E & I Academics will combine the advantages of each type of school and avoid the disadvantages associated with each thereby presenting an optimal educational option for parents and students.

As for specific competitors, E & I Academics has many, and the competition changes depending on what service the customer desires. During the first five years of operation, E & I Academics will focus on offering afterschool tutoring to students who

already attend either private or public schools. Therefore, during this time, public and private schools will not be competitors as much as allies. E & I Academics will use this time to make connections and build trust with the teachers and administrations at various schools and with the families of clients and potential clients. In this way, the schools will be allies as E & I Academics provides opportunities for students to excel and thus strengthen the schools' performance, and schools help build up E & I Academics by channeling students in need of tutoring to E & I Academics. E & I Academics hopes to form such a relationship with several schools, specifically, Union Pleasant Elementary School in the Hamburg school district, Parkdale Elementary School in the East Aurora school district, and West Seneca Christian School, a private school in the West Seneca school district.

During this time of building up tutoring clients, the main competitors for E & I Academics will be other tutoring companies. While individual tutors exist in these schools, the main competition comes from other companies who offer the combined services of many tutors. The two primary examples of such tutoring companies are both online companies: Care.com and Wyzant.com. Each of these companies offer the tutoring services of their members to the community and already have an established presence in the area that E & I Academics would like to cover. Based on their websites, each of these companies have dozens of tutors available for work in the Southtowns area with varying availability, experience, and price requirements (Care.com, 2018; Wyzant.com, 2018). However, the very aspects that these two companies use as their advantages are disadvantages compared to the operations of E & I Academics. The tutoring companies can reach all kinds of people because of the online presence and number of tutors

available. E & I Academics will have an online presence in the form of its website, but will focus on a personal presence in the schools in question, building personal relationships with the schools. Teachers will be more likely to recommend a tutor whom they have met instead of a tutor whose only personal touch is the online profile picture. Furthermore, Care.com and Wyzant.com allow individuals of all types of education level and tutoring qualification to join and offer their services to the general public. While some of these tutors are of excellent quality, E & I Academics will only use tutors who have pursued advanced education in the area that they would like to tutor. E & I Academics tutors will also be licensed as teachers and have completed a background check as part of their hiring process. Therefore, E & I Academics will provide a more personal, more professional company of tutors than either of its major competitors.

After the first five years of building up the afterschool tutoring aspect of the business, E & I Academics will begin to focus on expanding its offerings to the complete educational option. As E & I Academics makes this transition, its competitors will change. Since it will be offering full education, the schools with which it has been working as allies will become major competitors, while the tutoring companies will be only minor competitors. The public schools, Union Pleasant Elementary School and Parkdale Elementary School, will be completely competition at this point, and E & I Academics will have to compete with them primarily on the level of quality of education and personalization. E & I Academics will personalize each student's education to match his or her needs and interests. Furthermore, E & I Academics will teach one-on-one or in small groups instead of the large classes in public schools.

As for the private school, West Seneca Christian School, E & I Academics will be both a competitor and an ally even after beginning to offer a complete education option. West Seneca Christian School is a K-12 school, and E & I Academics will only offer full education options up through 8<sup>th</sup> grade. Therefore, the two businesses will compete for students in elementary and middle school, but E & I Academics will endeavor to channel its students to West Seneca Christian School for high school. E & I Academics' offerings will compete with those of West Seneca Christian School on many of the same levels as with public schools, namely quality, personalization, and class size. Furthermore, E & I Academics will also compete with West Seneca Christian School in terms of price. E & I Academics will try to work with West Seneca Christian School by enrolling students who wish to attend a private school, but cannot afford to attend West Seneca Christian School. West Seneca Christian School will benefit by receiving students who have grown too old for the services of E & I Academics. While neither school can guarantee what school students and families choose, E & I Academics will endeavor to work with West Seneca Christian School as much as possible. The competitors of E & I Academics will shift over time as its primary focus shifts, but at each stage, the business will use its unique features to compete with other businesses in its field.

Other specific competitors include homeschool groups in the geographical area and online homeschool options. The geographical area covered by E & I Academics contains two homeschool groups. Both groups work from churches and offer their services to at least fifty families. These homeschool groups offer weekly classes to homeschooling families, usually including extracurricular subjects such as art, gym, and public speaking. Online homeschool options are generally more comprehensive in the

area of subject matter and time commitment required. Many of the largest publishers for homeschool curriculum such as Veritas Press, Bob Jones University Press, and Abeka, offer online education options for homeschooling families who want qualified teachers to educate their children. Both Bob Jones University Press and Abeka offer prerecorded lessons taught by teachers in classroom like settings for grades K4 through twelfth (BJU Press Homeschool, Abeka). Veritas Press offers select classes in either the prerecorded format of the other two publishers or in a live, online format; however, Veritas Press only offers such classes for specific subjects starting in second grade (Veritas). Based on their particular offerings, each homeschooling educational option competes in some way with E & I Academics.

E & I Academics will, as in the case of the more traditional public and private schools, use its own uniqueness to compete with the homeschooling options provided in the area. In the case of online education, E & I Academics has an advantage in the area of personalization and interaction. E & I Academics will be able to tailor each student's tutoring or full education to fit that student's needs and desires, a goal that is difficult to accomplish when using an online education package. Online teaching has the advantage of flexibility over E & I Academics since students can complete the online lessons anywhere at any time unlike the scheduling required for a live teacher. However, E & I Academics will have real teachers connecting to the students on a weekly or even daily basis, offering assistance and guidance. Prerecorded lessons do not provide students with personal help when the students struggle with a concept.

The two homeschool groups in the area are similar to the private school in that they will be both competition and allies with E & I Academics. The homeschool groups

offer families the chance to have a traditional classroom experience while still homeschooling. The groups also provide students with extracurricular activities that many parents use to round out their children's educations. Some parents who homeschool their children and attend a homeschool group will feel that the homeschool group completes the school experience for their children. E & I Academics will be available for the parents who want to offer their children instruction by certified teachers in core subjects such as math and language arts. The homeschool groups will be competition in the form of offering an alternative version of homeschooling, but will largely be allies with E & I Academics by continuing to offer extracurricular activities for all homeschooling families including those who use the services of E & I Academics.

The homeschool groups will become even more important to E & I Academics as the business begins to focus on offering full educational options. E & I Academics will draw its students, in part, from families who desire to homeschool but consider themselves either underqualified or exceptionally busy. In a study of hybrid schools much like E & I Academics will be, students in the schools came primarily from homeschooling backgrounds (Wearne, 2016). Initially, E & I Academics will offer support to homeschooling families in the homeschool groups in the form of its tutoring services to parents whose children struggle in particular subjects, and eventually E & I Academics will provide families with the option of a full education through its services. For parents who deem themselves unqualified to teach their children, especially as the students grow older and encounter more difficult subjects, E & I Academics will provide its services as a means of continuing homeschooling without sacrificing the quality of

education that the students receive. Thus, E & I Academics will work with the homeschool groups by supporting the families who attend the groups.

E & I Academics is well-prepared to take on all the existing competition in the area in which it will operate. Although there are many schools and education options, E & I Academics can outperform each school in many areas. In the future, new competitors may arise to challenge E & I Academics. If these new competitors are public or private schools or local or online homeschool options, E & I Academics will be able to compete in the same way that it will already compete with existing competitors. According to Wearne (2016) the homeschooling market is expanding, and thereby the opportunities for hybrid schools that combine homeschooling and traditional school settings as E & I Academics plans to do. If competition rises in the form of tutoring services or even of hybrid schools, E & I Academics will still have an advantage over them by being an established business and the resulting connections in schools and homeschool communities.

E & I Academics will hire only teachers who have a degree or an education license, both of which are relatively expensive and require extensive time and effort to obtain through either practical experience and study. By requiring such qualifications of its own teachers, E & I Academics will create a high standard for any new tutoring businesses that wish to enter the market. Therefore, E & I Academics will guarantee high quality service for its own customers while simultaneously creating a barrier for entry for new businesses providing a similar service. Though many competitors exist, E & I Academics will have enough unique characteristics by combining the best aspects of each

competitor to build and maintain a strong presence in the educational world of the Southtowns area.

### **Marketing and Sales Plan**

E & I Academics will provide quality, alternative educational options for clients who wish to broaden or deepen their educations. E & I Academics states its belief about the purpose of education in its very name: Encourage & Inspire. Education at E & I Academics will encourage its clients to reach to greater heights and will provide the clients with the tools necessary to inspire others.

E & I Academics will use several marketing and sales avenues, but will primarily rely on word of mouth. Word of mouth does not reach as many people as would a standard type of marketing, but E & I Academics will not require a large number of clients, especially in the beginning stages of the business. Instead, E & I Academics will need a few of the right clients, those who fit into the market that E & I Academics plans to fill. A recent study by Tsai, Kuo, and Tan (2017) focused on the types and uses of word of mouth advertising and found that word of mouth influences consumers in nearly half of their purchases. Furthermore, a variety of avenues, print, electronic, and oral, allow word of mouth advertising to expand its effectiveness and scope (Tsai et al., 2017). Not only is word of mouth advertising effective for a small business, but by relying on word of mouth and other such personal interactions, E & I Academics will keep its marketing budget small and will be able to focus its attention on the target audience for its services. In order to start the process, the owner of E & I Academics will visit the target schools to promote its services for the students through meetings with the administration and staff at the schools. In addition, the owner will also use personal visits

and email to promote the business's services to the families who attend the local homeschool groups. In each of these situations, E & I Academics will need some type of publication to present its offerings. Therefore, E & I Academics will use brochures and business cards to leave with potential customers and to point them towards the business website.

The website for this business will focus, not necessarily on advertising, but more on educating clients. The website will offer advertise for the business simply by providing E & I Academics with a presence on the internet, but, as previously stated, advertising is not the end goal. The site will provide information about the services provided by E & I Academics, both tutoring and complete education. E & I Academics will use its website as a starting point for potential clients to research the services offered and begin their decision process. Overall, E & I Academics will use primarily personal marketing approaches to advertise its personalized education services.

### **Future Development**

E & I Academics has exciting plans for the future. As previously described, E & I Academics will begin by focusing on building up its afterschool tutoring client base. However, afterschool tutoring is not the end goal of the business. Instead, E & I Academics would like to fill the niche in the educational market by offering homeschooling options for students whose families cannot actually homeschool them. Therefore, E & I Academics hopes to gain an increasing number of students who participate in the full education option. Ideally, five years after the business's launch, E & I Academics will have enough homeschooling clients to be able to phase out the afterschool tutoring portion of the business. The goal in terms of student numbers is at

least twenty homeschooling or afterschool tutoring students within five years of operation. In terms of earnings, E & I Academics hopes to achieve \$25,000 in annual sales by the time the business has operated for five years. In ten years, E & I Academics will be an established business and will be able to hire additional teachers for additional clients. Employing 2 full time teachers for both homeschool students and afterschool tutoring students, in addition to the owner of the business, is the goal for E & I Academics' ten-year anniversary. Each teacher should be able to teach at least 15 clients, therefore, after ten years, E & I Academics hopes to have at least 45 clients who consistently receive services. E & I Academics will continue to grow throughout the years, achieving and hopefully even surpassing these outlined milestones.

For long term development, E & I Academics foresees facing risks from several areas. The first and most important is the risk of the target market changing. The risk of the target market changing corresponds with the ever-present risk of a general economic downturn that would threaten any business. These two risks combine in that in an economic downturn, families would not have the money to seek out alternative educational options for their children, instead relying on the free education from a public school. While this is a definite risk for E & I Academics, the risk is mitigated on several fronts. Firstly, E & I Academics offers several services, and while the demand for the homeschooling option might decrease due to an economic downturn, afterschool tutoring does not require as much economic investment as a full education. Furthermore, E & I Academics appeals to a middle to upper class clientele, and historically, individuals in higher income brackets do not suffer during an economic slump to the degree that those who earn less than \$30,000 do (Blendon, & Benson, 2009). E & I Academics operates in

an area dominated by households in the upper and middle classes which should cushion the business from any change in target market needs resulting from economic crisis.

Therefore, E & I Academics has designed its business to remain viable, at least with afterschool tutoring in all but the most severe economic downturns.

### **Financials**

Besides the purpose statement, the financial records of a business are some of the most important documents for operation. The financials outlined for E & I Academics are projections, not real numbers since E & I Academics does not currently operate.

Therefore, the projections are not guaranteed numbers, but, instead, demonstrate the goals and expectations of the owner. On the financials, each afterschool tutoring client that E & I Academics hopes to have requires four 2-hour sessions per month. The homeschooling clients will each receive three 3-hour sessions per week or twelve 3-hour sessions per month. Therefore, in an average month, a tutoring client will receive eight hours of services and each homeschooling client will receive thirty-six hours. Every hour of instruction will cost \$15. The cash sales per afterschool tutoring student is \$120 per month, and each homeschooling student brings in \$540 in an average month.

Since E & I Academics is an educational business, it will operate on the standard academic year unless specifically requested by a client. The financials take into account the academic year and increase afterschool tutoring for the months of November and May because of the likelihood that students will require more tutoring near the end of the semesters when testing is the most frequent. Furthermore, projected income for December, March, and June is lower than other months in the school year because of the breaks that schools take during those months. Finally, July and August contain only a few

projected summer clients since most students do not request tutoring during the summer vacation. While E & I Academics has no previous financial records, the projections contained in the appendix demonstrate the goals of the owner combined with the realities of the academic year.

E & I Academics will not initially be a business with large revenues. However, the expenses will also be minimal, allowing the business to end each year with a small, but ever growing, profit. In the first calendar year of operation, E & I Academics expects to have 8 after school tutoring clients and no homeschool clients. With those prospective clients, E & I Academics will earn around \$3,000. The first year only includes five months of revenue because the school year begins in August. However, by the second year, with a full 12 months of revenue, E & I Academics hopes to increase the client numbers to 13 afterschool students and 3 homeschool students, and the income will rise to over \$23,000. During the same year, Year 2 of operation, the projected expenses will be around \$5,500, leaving about \$17,500 in profit for the second year of operation. While this is not an exorbitantly large number, E & I Academics expects that the profits will continue to increase as the business grows.

The projected cash-flow in the appendix to this paper contains a list of expenses that E & I Academics will likely incur over the course of its first two years of operation. The first on the list is travel. The projections for travel involve calculating estimated average mileage travelled for each proposed client and applying the IRS mileage expense costs to produce the estimated travel costs incurred by E & I Academics (Internal Revenue Service, 2017). The costs for a New York State teaching license come from the costs of the numerous test that the state requires for the initial, 5-year license (New York

State Education Department, 2015). Since the license is valid for 5 years, the cost does not repeat in future projections. Another cost projection, the cost of insurance, stems from the reported cost of insurance from Christian Educators Association International for a full-time teacher (2018). The estimates for technology, advertising, and the website are just that, estimates. Possible technology costs include a computer or tablet for business use or software purchases related to curriculum or business processes such as accounting. Advertising budgets may include business cards, invoices, pamphlets, or travel for networking opportunities such as education conferences. Website costs will include purchasing and maintaining a professional website. While the miscellaneous category is also an estimate, the expense is higher at the beginning and end of each academic semester based on the assumption that those times will incur more unforeseen expenses than the more routine parts of the year. The financial projections for E & I Academics demonstrate that while none of the amounts is certain, the business will produce a profit and be sustainable for the future.

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## Appendix – Financial Statements

<b>Income Statement Projection</b>		
	Year 1 (August - December)	Year 2 (January - December)
<b>Income</b>		
<b>Gross Sales</b>	\$ 3,240.00	\$ 23,340.00
<b>GROSS PROFIT</b>	\$ 3,240.00	\$ 23,340.00
<b>OPERATING EXPENSES</b>		
Travel	\$ 662.00	\$ 3,036.00
Licensure	\$ 550.00	\$ -
Teaching		
Insurance	\$ 239.00	\$ 239.00
Website	\$ 200.00	\$ 200.00
Advertising	\$ 200.00	\$ 300.00
Technology	\$ 500.00	\$ 1,000.00
Miscellaneous	\$ 350.00	\$ 700.00
<b>TOTAL OPERATING EXPENSES</b>	\$ 2,701.00	\$ 5,475.00
<b>Net Income</b>	\$ 539.00	\$ 17,865.00

Cash Flow Projection for E & I Academics  
Year one beginning in August, the beginning of the  
academic year

<b>CASH RECEIPTS</b>	Aug	Sep	Oct	Nov	Dec	<b><u>TOTAL</u></b>
<b>Income From Sales</b>						
	\$	\$	\$	\$	\$	\$
Afterschool Tutoring	360	720	720	960	480	3,240
	\$	\$	\$	\$	\$	\$
Homeschooling	-	-	-	-	-	-
	\$	\$	\$	\$	\$	\$
<b>Total Cash from Sales</b>	360	720	720	960	480	3,240
<b>TOTAL CASH RECEIPTS</b>	<b>360</b>	<b>720</b>	<b>720</b>	<b>960</b>	<b>480</b>	<b>3,240</b>
 <b>Cash Disbursements</b>						
	\$	\$	\$	\$	\$	\$
Travel	64	128	128	171	171	662
	\$	\$	\$	\$	\$	\$
Licensure	550	-	-	-	-	550
	\$	\$	\$	\$	\$	\$
Teaching Insurance	239	-	-	-	-	239
	\$	\$	\$	\$	\$	\$
Website	200	-	-	-	-	200
	\$	\$	\$	\$	\$	\$
Advertising	200	-	-	-	-	200
	\$	\$	\$	\$	\$	\$
Technology	500	-	-	-	-	500
	\$	\$	\$	\$	\$	\$
Miscellaneous	100	50	50	50	100	350
	\$	\$	\$	\$	\$	\$
<b>Total Cash Disbursements</b>	<b>1,853</b>	<b>178</b>	<b>178</b>	<b>221</b>	<b>271</b>	<b>2,701</b>
	\$	\$	\$	\$	\$	\$
<b>Net Cash Flow</b>	<b>(1,493)</b>	<b>542</b>	<b>542</b>	<b>739</b>	<b>209</b>	<b>539</b>
	\$	\$	\$	\$	\$	\$
<b>Operating Cash Balance</b>	<b>-</b>	<b>(1,493)</b>	<b>(951)</b>	<b>(409)</b>	<b>330</b>	
	\$	\$	\$	\$	\$	\$
Cash Receipts	360	720	720	960	480	3,240
	\$	\$	\$	\$	\$	\$
Cash Disbursement	(1,853)	(178)	(178)	(221)	(271)	(2,701)
	\$	\$	\$	\$	\$	\$
<b>Ending Cash Balance</b>	<b>(1,493)</b>	<b>(951)</b>	<b>(409)</b>	<b>330</b>	<b>539</b>	

Cash Flow Projection for E & I Academics							
Year two from January-July							
<b>CASH RECEIPTS</b>	Jan	Feb	Mar	Apr	May	Jun	Jul
<b>Income From Sales</b>							
Afterschool Tutoring	\$ 1,200	\$ 1,200	\$ 900	\$ 1,200	\$ 1,440	\$ 720	\$ 180
Homeschooling	\$ 1,080	\$ 1,080	\$ 810	\$ 1,080	\$ 1,080	\$ 540	\$ -
<b>Total Cash from Sales</b>	<b>\$ 2,280</b>	<b>\$ 2,280</b>	<b>\$ 1,710</b>	<b>\$ 2,280</b>	<b>\$ 2,520</b>	<b>\$ 1,260</b>	<b>\$ 180</b>
<b>TOTAL CASH RECEIPTS</b>	<b>\$ 2,280</b>	<b>\$ 2,280</b>	<b>\$ 1,710</b>	<b>\$ 2,280</b>	<b>\$ 2,520</b>	<b>\$ 1,260</b>	<b>\$ 180</b>
<b>Cash Disbursements</b>							
Travel	\$ 256	\$ 256	\$ 256	\$ 256	\$ 300	\$ 300	\$ 64
Licensure	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Teaching Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Website	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Advertising	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Technology	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	\$ 100	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
<b>Total Cash Disbursements</b>	<b>\$ 956</b>	<b>\$ 306</b>	<b>\$ 306</b>	<b>\$ 306</b>	<b>\$ 350</b>	<b>\$ 350</b>	<b>\$ 114</b>
<b>Net Cash Flow</b>	<b>\$ 1,324</b>	<b>\$ 1,974</b>	<b>\$ 1,404</b>	<b>\$ 1,974</b>	<b>\$ 2,170</b>	<b>\$ 910</b>	<b>\$ 66</b>
<b>Operating Cash Balance</b>	<b>\$ 539</b>	<b>\$ 1,863</b>	<b>\$ 3,837</b>	<b>\$ 5,241</b>	<b>\$ 7,215</b>	<b>\$ 9,385</b>	<b>\$ 10,295</b>
Cash Receipts	\$ 2,280	\$ 2,280	\$ 1,710	\$ 2,280	\$ 2,520	\$ 1,260	\$ 180
Cash Disbursement	\$ (956)	\$ (306)	\$ (306)	\$ (306)	\$ (350)	\$ (350)	\$ (114)
<b>Ending Cash Balance</b>	<b>\$ 1,863</b>	<b>\$ 3,837</b>	<b>\$ 5,241</b>	<b>\$ 7,215</b>	<b>\$ 9,385</b>	<b>\$ 10,295</b>	<b>\$ 10,361</b>

Cash Flow Projection for E & I Academics  
Year two from August-December

<b>CASH RECEIPTS</b>	Aug	Sep	Oct	Nov	Dec	<b><u>TOTAL</u></b>
<b>Income From Sales</b>						
	\$	\$	\$	\$	\$	\$
Afterschool Tutoring	180	1,320	1,320	1,560	780	<b>12,000</b>
	\$	\$	\$	\$	\$	\$
Homeschooling	-	1,620	1,620	1,620	810	<b>11,340</b>
	\$	\$	\$	\$	\$	\$
<b>Total Cash from Sales</b>	180	2,940	2,940	3,180	1,590	23,340
<b>TOTAL CASH RECEIPTS</b>	<b>180</b>	<b>2,940</b>	<b>2,940</b>	<b>3,180</b>	<b>1,590</b>	<b>23,340</b>
<b>Cash Disbursements</b>						
	\$	\$	\$	\$	\$	\$
Travel	64	300	300	342	342	<b>3,036</b>
	\$	\$	\$	\$	\$	\$
Licensure	-	-	-	-	-	-
	\$	\$	\$	\$	\$	\$
Teaching Insurance	239	-	-	-	-	<b>239</b>
	\$	\$	\$	\$	\$	\$
Website	200	-	-	-	-	<b>200</b>
	\$	\$	\$	\$	\$	\$
Advertising	200	-	-	-	-	<b>300</b>
	\$	\$	\$	\$	\$	\$
Technology	500	-	-	-	-	<b>1,000</b>
	\$	\$	\$	\$	\$	\$
Miscellaneous	100	50	50	50	50	<b>700</b>
	\$	\$	\$	\$	\$	\$
<b>Total Cash Disbursements</b>	<b>1,303</b>	<b>350</b>	<b>350</b>	<b>392</b>	<b>392</b>	<b>5,402</b>
	\$	\$	\$	\$	\$	\$
<b>Net Cash Flow</b>	<b>(1,123)</b>	<b>2,590</b>	<b>2,590</b>	<b>2,788</b>	<b>1,198</b>	<b>17,938</b>
	\$	\$	\$	\$	\$	\$
<b>Operating Cash Balance</b>	<b>-</b>	<b>(1,123)</b>	<b>1,467</b>	<b>4,057</b>	<b>6,845</b>	
	\$	\$	\$	\$	\$	\$
Cash Receipts	180	2,940	2,940	3,180	1,590	<b>6,480</b>
	\$	\$	\$	\$	\$	\$
Cash Disbursement	(1,303)	(350)	(350)	(392)	(392)	<b>(5,402)</b>
	\$	\$	\$	\$	\$	\$
<b>Ending Cash Balance</b>	<b>(1,123)</b>	<b>1,467</b>	<b>4,057</b>	<b>6,845</b>	<b>8,043</b>	