

Re-evaluation of maximum profitability



**ASSIGN
BUSTER**

Introduction

While the research, recommendations here may differ from the economic analysis that you have relied on to date, they come from experienced business development professionals, economists and human resource professionals, as well as experts in e-commerce and global business, not to mention efficiency experts, as well as people who have an expertise in sustainability economics, and those who understand the tax implications of for example “greening one’s business.

Furthermore, while you ask for a study of three other companies who are both British and in either a translation or management space, this is, we believe a misguided approach for the following reasons. The first is that the changing nature of the business paradigm created by the recession, has forced ALL companies to adapt to e-commerce, period, no matter what vertical they are in. The volcanic eruption over Iceland for example several weeks ago saw a huge increase in teleconferencing FOR EVERY BUSINESS VERTICAL, which merely supports our point. Furthermore, the rise of e-commerce will also force every commercial real estate based business to re-evaluate its business model. And since you are targeting the demographic you are, it makes even less sense to have expensive real estate to support, when these companies in America are absolutely going the route of e-commerce and online learning. Furthermore using only a British model and companies is ridiculous in a global economy, because you are both limiting your perspective on how to run your company, and what your competition is.

Which we identify. There is only ONE company you should be really worried about, and that is who we discuss, despite your request for an analysis of

three. It is an American software company, who we provide plenty of information for, and upon reading the attached link to it, and the Wikipedia entry about it, you will understand why. Time is money, and we have no desire to waste yours. This is a company that has literally come out of nowhere to dominate the language space in less than three years. In a market FAR LARGER than the U. K. That is the model you should be studying. Not some rinky dink hole in the wall language class company in Central London, no offense. So while we are going to give you something you didn't specifically ask for, we are actually going to give you MORE than you asked for, and the potential to both increase your business, profitability and expand your company, as you desire to do.

All of these issues are going to be explained in our analysis for our forecasting and advice, not to mention how and why we suggest you change your business modeling to give you maximum flexibility, save costs and serve your clients, while being scalable and customizable to the nth degree.

You are the perfect “ virtual company in an information economy. We are going to give you a business model that will allow you to maximize profit in a global business environment that can serve local or global clients, while meeting customers' CUSTOMIZED demands. To the extent that this contradicts or even runs contrary to the advice you have already received, we cannot in good conscience agree. Our own economic modeling and economic backgrounds show you are setting yourself up for failure, in particular locking yourself in to hard costs, such as leases, which are not necessary, and will anchor you into almost guaranteed money down the drain proposition for lost profits when you are facing, literally, an online

juggernaut competition coming your way fast, specifically software that people can take online called Rosetta Stone, which has none of these issues to contend with, much less the overhead, and is growing like leaps and bounds, and is about to hit the shores of the U. K., to the point that it even has it's own Wikipedia page, along with huge coverage in the press. We highly suggest you review it.

Therefore, with these broad strokes as our introduction, we will break down each section of your plan, with our recommendations on what you might do to compete against this kind of environment and in this kind of economic climate, where cost cutting, no matter what the drawbacks, as listed above in the Wikipedia article of said software, and the growing popularity of e-learning, not to mention it's price, are going to be one of the biggest hurdles you will face. We will attempt to give you a differentiating advantage in this kind of market, even if it flies in the face of some of the advice and research you have already done. We consider it our job to make you as competitive and profitable as you can be. Even if it contradicts some of your original findings and advice already given. If that might offend you, ask yourself this question. Which would you rather be? A little miffed that you might have been wrong or paid for bad advice, or in business if not more profitable by following our advice?

Company Aims/Goals/Strategy/Mission

First you are limiting if not stifling yourself against stiff competition by already existing powerhouses like the company listed above, which offer far broader offerings and which people can take online.

Furthermore you are the perfect company to differentiate yourself for companies who want personal instruction by not taking advantage of online teleconferencing. This immediately eliminates the need to rent classroom space period. The instructor could literally teach the course from an office in his or her house (albeit made to look professional) which is a tax deductible expense, and literally achieved with a simple roll of cloth as the backdrop. All students would have to do is dial in at the appropriate hour. The idea of having a downtown office presence at a tony address is an idea that has run its course.

Unless hanging a shingle at a tony address is worth that much in the prestige of the real estate location, which trust me, it's not, teleconferencing gives you a huge range of options and flexibility that you are not even thinking of, much less gives you the flexibility you really need. Both in terms of recruiting new teachers who can teach all kinds of languages from all kinds of sizes, and all kinds of times and hours, to how many students can attend classes. You could literally teach a class of 200 students without paying for the space at all. Much less the person to book the space, and then worry about keeping it filled to make the lease pay for itself much less make a profit.

To the extent that clients want on-site service, again, the “teleworker” can visit them, at no overhead real estate cost to you, merely by arranging a one on one teleconferencing session for two.

This immediately eliminates all real estate overhead costs altogether ASAP. However, if for some reason unknown to us from the literature we have reviewed, you absolutely must have an office location, it should be only for

administrative purposes, and then in a thoroughly greened building, to give you the advantage of tax breaks. We will discuss that in a later section. But even that does not justify the costs of the overhead of such expensive overhead. We suggest eliminating all company held real estate completely as an unnecessary expense for reasons we will explain in greater depth later in the report.

If you go the route we are suggesting, all you are looking at is teleconferencing costs, in terms of infrastructure costs, plus associated IT costs (i. e. the website) which can be negotiated at bulk rates via your administrative office manager as part of her job, as well as keeping track of hours used, and most of the administrative work formerly performed by the office administrator, and in fact as you have proposed that person do. It's not necessary. If properly designed, your IT system should do it for you. Instead of doing the work you have proposed, that person should be discounting bulk rates on teleconferencing rates and is freed up for other tasks.

Especially if you are looking to expand to a university or even grammar school level prep audience and at the scale described, you will want and need that kind of flexibility, both in terms of freelance talent as professors, the ability to manage them, and the ability to reach your audience. Not to mention the scalability you want and write about wanting to achieve.

There is no other way you can have that kind of flexibility you seek, and the way you have your company structured now, you are literally anchoring yourself to dead real estate and other overhead costs that will tie you to

overhead you do not want and might literally drive you out of business before you ever get off the ground.

Peter Drucker, the so-called Father of Management, called it the Information Age, and those who worked in it information workers for a reason in his groundbreaking book, “The End of Economic Man.” IN 1959. This is a perfect application of such theories as well as an application of cost savings in a perfect business vertical for it, in an e-commerce business.

That is the only way you are going to survive in a very precarious economic environment, much less set yourself apart from the competition, which you admit is particularly brutal for traditional translation companies, so you need to find something that will differentiate you from the competition, including and, particularly the entirely online, IT competition, as we have shown above, which has none of the downsides of human costs in terms of teaching, already is widely publicized, has market positioning, first mover advantage, huge customers, a huge marketing budget, far more diverse offerings already, and while criticized and cold as merely a computer program, without the personal touch you offer, which is one of your differentiating advantages, you must be in a position to compete effectively. This is what we are offering and advising you, albeit in a way you didn't ask for, how to do.

The demographic you cater to, will all be able to access the technology we suggest you use (teleconferencing), and you will also set yourself apart from other firms in your space who haven't thought about this model either, gives you both another differentiating advantage in terms of technology and convenience to customers who would rather take classes from wherever they

are rather than coming to you, and further making yourselves even more competitive by potentially passing some of the cost savings you incur onto your customers, again, making yourselves even more competitive.

Organizational Structure

We have suggested the following re-organization and staff changes for the following reasons, and these should also be considered job descriptions per the original request of this proposal:

The CEO of any startup should be focused solely on one thing. Running the company. While it is obviously the love of what he or she does that made the CEO start the company in the process, giving up that kind of work, at least in the early, formulative stages of ANY company spells disaster ALWAYS since it is the temptation of the CEO to focus more on what they love doing (the teaching in this case) than the administrative running of the company, which is their mission as the CEO of the company.

Because this should be an e-commerce company, there must be a CIO to deal with setting up company infrastructure from both an IT perspective and one that's in line with what the company does. In other words working with the webmaster to insure that the website is compatible in as many languages as possible. And making sure that billing for teleworkers is streamlined into accounting, the internal functions of the company are completely automated, and that the teleconferencing capabilities of the company are completely integrated with the website. This is also a fulltime job and should probably also go to one of the senior members of the founding team. They have the expertise in languages, even if they don't have the background in technology. The webmaster can help guide them

through that, in partnership with the right telecommunications company, who should give you a package deal on ALL telecommunications needed by the company, which should include deals on all telecommuting costs incurred by instructors teaching from home (i. e. teleworkers).

We have split up the rest of the founding partners/translators into a separate bucket, but they should be prepared to be on hand to lend advice, especially in the early days of company set up. We further have added a second tier of midlevel and junior translators which gives you room to grow as you yourself have expressed as a goal. These workers do not have to be full time, (i. e. contract employees) again giving you maximum flexibility without tying you to fulltime workers and costs, and also incentivize such workers by giving them room to grow, which will also give you the benefit of their efforts to succeed in providing the best quality of their work in order to advance. We further highly suggest that you set aside a bucket of stock for an employee owned company. Studies have shown that employee owned companies perform better than those that don't, simply because employees feel they have ownership of the company where they work and thus feel that their performance is directly tied to the success of the company.

Your marketing person and business development person could be the same person, or split as we have diagrammed above. They most certainly should also be full time, particularly in the start up stages of the company. They should certainly be either one of the senior level translators or answer to them, or a senior translator in the company, simply because in addition to understanding social marketing, they must be bilingual, to be able to do so in multiple languages. You are, after all, marketing to a GLOBAL AUDIENCE.

Please forget even thinking about pamphlets or offline marketing. It is a waste of time and money. And is completely ineffective. Mass emailing works better. And that's a basic. Start thinking about sophisticated viral marketing, games, and real online marketing strategies that work. If there was ever a place NOT to skimp, it is here and the salary of the person in this position. Even if you are only looking at EMEA as a short term growth goal, you have a huge audience to reach. That is a full time job in terms of going into chat rooms, developing SEO strategies, viral marketing campaigns, etc. Remember, this is a whole new world. And what you spend in a full time person, you will save in traditional advertising costs and pay for itself many times over in development of new business. It's well worth it, and if you get the right person, you will absolutely tap into the market you have already correctly identified, but also reach them in the most efficient way and as cheaply as possible.

Obviously you will need a lawyer. This was left out of the original staff chart. You will need to budget for ongoing legal advice. Failing to do so is one of the classic mistakes of every start up.

Sustainability consultant. If you follow our advice about the structure of your company, and further do things like encourage your workers to green their homes, not to mention just using teleworkers, (who are by definition employed in green jobs) gives you the automatic advantage of getting so-called "green" tax breaks. That is why it is essential that you identify a part time sustainability consultant to work with your accountant, to figure out ways to maximize how to "green" your business. It is a way to save money, and the way we have suggested you reorganize and restructure your

company will not only save YOU money, but your employees, both full time and contract as well in terms of tax breaks, but also potentially setting you up for additional advantages in government contracts, a marketing advantage, and potentially grants as well. With a properly designed IT system, your accountant should be totally outsourced, not to mention your IT system if properly designed, will also drastically cut down on HIS time as you have estimated it (he should be engaged no more than a couple of hours a quarter) since all timesheets should be totally automated with the teleconferencing, and this can be sent, by instructor ID, to the accountant on a quarterly basis. There is no need to keep this person engaged as much as you have estimated.

Your telecommunications company should be able to give you all telecommunications you need in a bundled discount price. This includes everything from teleconferencing to teleworkers needs from home. From the estimates you have given just on the real estate which are in the ballpark figure of £100K per year, you could have almost unlimited videoconferencing for a fraction of that price, with no pressure to use what you do not need.

If you feel you need a special HR specialist, this is something that you as a company will have to come to an internal decision about. It could be a role of the CEO. It could be a separate person. Again, this does not require a central location, but can be handled via telephone or teleconferencing.

Your administrative assistant should be able to multitask, since most of the traditional duties of billing, scheduling, etc. will be completely automated through the IT infrastructure now set up. To the extent that there might be light phone duty, this person should be able to handle that too. But the

traditional duties of the administrative assistant/office manager will mostly be handled by automation in the schematic we have created herein for you, saving both time and money, and freeing up this person's time for other administrative tasks, including helping the CEO and other company management with routine administrative tasks (i. e. letter writing, filing, etc.) which again can be all done remotely. To repeat, the idea is to create maximum “bang for the buck” or productivity of each worker, while running an effective and profitable business that provides quality products and services.

Development of Staff Handbook

While company policy and development of a staff handbook is critical, even in a virtual company, it is recommended that it also be reviewed on an annual basis, and that employee (including freelancer) input be encouraged at such reviews. When it is finalized it should also be put online in a private section of the company website. There is no need to kill any more trees and printing it, again, represents an unnecessary company expense. You should check with your sustainability consultant to see if NOT printing it will qualify you for a green tax credit, but this is another reason why we are highly recommending that you immediately seek out a good one. The savings you will engender are potentially enormous and well worth the cost, and come from places you would not imagine. Hire one as a consultant. ASAP.

We do have some suggestions, however, as of now for you to consider adding immediately. These are:

Adding paternity leave as well as maternity leave and make it equal in length. It is unfair if not sexist to assume that fathers do not have the right

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to leave the workforce to care for their children but that this is something that automatically falls on the mother to assume duty for. Being pro-disability friendly. This is a perfect job for those with disabilities, a population widely discriminated against, and who this is a perfect job for. You may also be eligible for tax breaks for hiring such individuals. Check with your accountant.

Method of Payment

You should also consider PayPal as a method of payment. Not using it is a huge mistake.

Budget

Again, this will have to be rethought in light of the information we have given you about restructuring your business. We guarantee you that we have just eliminated over £2, 000 per week merely on classroom space. You also have an incomplete budget, as this does not include marketing materials costs, and other essential office equipment (such as computers). This is a budget that must be completely reworked.

Interviewing Process

Again, this is a process which is based on a non virtual company, where “personality” issues are more of an issue than a virtual company.

Our suggestions are as follows to both simplify and streamline the process:

Design a language proficiency test that each candidate must pass to become hired. The grade will determine at what level and pay grade they are hired at.

Give the employee a time of probation with a small client to let them prove that they are capable of doing the job. A questionnaire approach, as the one in your packet proves absolutely nothing. Everyone always asks the same questions, and everybody lies. It tells the manager absolutely nothing about what the potential employee actually can do, but rather is a reflection of what the candidate thinks about him or herself, and the potential biases of the interviewer. That is why such interviewing procedures are both outdated and biased inherently. And why we recommend scrapping them and going the route we suggest.

Conclusion

While our approach and methodology is not exactly what you asked for, that is because so little information exists about the changing business environment we are currently in, that literally changes by the hour. Very few consultants know much about sustainability economics, and people keep thinking the world is going to right itself and somehow, magically the world is going to revert to the way it was before the crash of 2008. That is not reality. We have given you the top competitor IN THE WORLD to study, to compare yourself against, to prepare to compete against, and the tools and advice to restructure yourself to do so.

There are no books on the topic, so we can't give you management advice or references that are directly applicable. This advice comes from other industries, such as the fashion industry, for example, what is going on in New York, where commercial space is at an all time vacancy rate high, and what our indicators tell us that indicate that there will be a double dipdepression, given the lack of financial reform in the United States.

If you wish for those cites, we will be happy to reforward those to you, but those are easily found on sites like [http://www. huffingtonpost. com](http://www.huffingtonpost.com). The data and analysis herein is extrapolated business analysis that is applicable business wide.

We suggest you consider it carefully and reformat business strategy accordingly.