

Entrepreneur case study-turner test prep CO.

Business



Her undergraduate degree was in business, and after graduation, Jessica worked for several years in the business office of a small test prep company based in San Francisco. The company prepared students who wanted to take primarily the SAT, GRE, GMAT, MICA, and LAST.

Although her job was to manage the company's business affairs, she also began teaching math to students several nights a week. Jessica received training from the company in teaching basic testing skills, and she applied those skills toward teaching the math portion of the exams.

She received positive feedback from her students as a conscientious and innovative teacher. Jessica felt that her experience as a teacher for the test prep company helped her when she began studying for the CPA exam. She knew how to study efficiently, how to organize her notes, and how to practice for the various sections. Jessica was one of the 25 percent of students who passed all sections of the CPA exam on the first try.

When contemplating what to do next, Jessica was struck by the fact that so many of her colleagues were unable to pass the exam.

Convinced that she was not only skilled in the accounting and finance principles but also in knowing how to study effectively, she decided to start her own test prep business teaching specifically to the CPA exam. She was confident that students and professionals willing to invest would benefit from a full-service program that gave students full classes and individualized attention so that they could pass the exam. Jessica returned to California, put together a business plan, and secured financing from a local venture capital firm specializing in small start-ups.

She decided to focus her business and marketing efforts in the San Francisco Bay area. Based on her research and the Bay area's concentration of different types of business, Jessica estimated that there was a market of about 1, 000 students a year.

The CPA exam Although people with undergraduate or graduate degrees in accounting or business may do accounting work for a company, becoming a CPA provides an additional certification that employers prefer. Becoming a CPA can increase an accountant's salary by 10 to 15 percent and is typically necessary to secure upper-level positions.

In order to be certified to become a CPA, people must fulfill the following requirements: Have a college or master's degree with 24 semester units dedicated to business- related subjects, and at least 24 credits in accounting (a minimum of three credits), auditing (a minimum of three credits), business law, finance, and tax subjects; Pass the CPA exam; Have two years of work experience with a bachelor's degree or one year of work experience with 150 course credits. The exam is offered two times a year, in May and November.

It is a grueling two-day, 15-hour event comprised of multiple choice, essay questions, and problem sets. The subjects tested are: Business Law and Professional Responsibility, Auditing, Accounting and Reporting, and Financial Accounting and Reporting.

CPA exam prep services The CPA exam varies only slightly from state to state. In order to study for the exam, people typically purchase books, software, or an online course to help them prepare. The materials usually

provide an overview of the tested material, study guides, and practice questions.

The online tutorials often provide more practice questions and give students timed exams so that they can simulate actual testing conditions. Due to the amount of material covered on the exam as well as its level of difficulty, students are advised to give themselves four months to study. In the San Francisco Bay area, several community colleges offer one-week review classes to help students prepare.

These classes give students a starting point, after which they could use supplemental materials to study on National Testing Services' own.

National Testing Centers (NET) is Turner's primary competition. NET is a national test preparation company that has been in existence since 1962.

The company focuses on virtually every standardized test that is offered and has programs for high school students taking the SAT, undergraduate students taking graduated school entrance tests (such as the GMAT, LAST, GREG, and MICA), and graduate students taking ratification tests like the bar and CPA exams. In addition, the company has a program designed for international students taking the Test of English as a Foreign Language (TOEFL) exam.

NET is a full-service program that offers a variety of options for students taking any of these exams. Most courses offer the opportunity to have classroom lectures, home-study videotapes, books, software, online tests, or a combination of any of these options. The CPA course does not offer live classroom sessions but gives students the option of books, software, and <https://assignbuster.com/entrepreneur-case-study-turner-test-prep-co/>

online testing for one or all of the areas covered on the exam. Students also have a toll-free number that they can call if they have questions as well as online chats with NET instructors to answer questions.

NET offers students a free repeat course if they do not pass the CPA exam and boasted a 75 percent pass rate.

The course is priced from \$1,000 to \$1,500, depending on which of the services the student chose. Many of Ant's students are repeaters who initially chose to study on their own and use a book or software package. Such students are dedicated to passing the second time they take the exam and want the structure that the courses roved. NET provides a study schedule, study techniques, and information about how to take the exam that, it boasted, can not be found in any other course on the market.

Many of Ant's students have also taken an NET course for a previous entrance exam.

NET boasts a higher overall pass rate for all its courses than any other test prep center in the country. People who had taken a course for the GMAT and had passed, for example, felt confident that they would be equally prepared for passing the CPA exam. In a survey of undergraduate students who had taken NET for the SAT, 85 percent said they would take another NET course to prepare them for graduate school entrance exam.

The Turner Testing Advantage Despite Ant's success, Jessica knew that with a pass rate of only 25 percent for first-time takers, there was a need to provide a comprehensive program to students so that they could pass on

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their first try. She devised a full-service program that lasted for six weeks and was three to six hours per day.

She worked with accounting, Atlanta, and law professors to design a curriculum to give students a comprehensive approach to studying for the exam.

She hired the professors to give three live, one-hour lectures per day, and she taught the test-taking techniques and organizing skills necessary to easily assimilate the mountains of information that students needed to know. Jessica also provided audiotapes for students so that they could review the lectures at home and suggested that they listen to them in their cars to maximize the use of their time. The course also included several timed minutest for each topic and four practice essay questions, which Jessica and her professors graded.

The responses to essays included many comments and much feedback to give students guidance on areas to improve. Jessica also made herself completely available to her students.

She felt that one-on-one attention was critical to their success, and she held bi-weekly meetings with each student to gauge progress and answer questions. In addition to the meetings, students could call Jessica or email her with questions, and she promised to get back to them within 24 hours. Jessica held two sessions a year in March and September, three months prior to the exams, allowing students to continue to study on their own before the exams.

She also made herself available to students after the course to answer their questions and help them in any way she could. Pricing her course at \$1,000 per student, she felt that she was providing her students with more of an advantage and better preparation than any of the NET options. She also offered a guarantee, allowing students to repeat the course if they did not pass the exam.

Jessica had taken a year to develop the materials and create a marketing plan for her company. She decided to place ads in Bay area business schools to attract students contemplating taking the exam after graduation.

She also created flyers to be placed in the schools and asked the school administrations if she could place them in students' mailboxes. She introduced herself to local businesses and tried to alert them to her program so that up-and-coming accountants would be encouraged to take her class if they wanted to take the CPA exam. The first year she ran the program she had 10 students.

Despite the small class size, students felt that they had been well prepared for the exam and appreciated the individual attention they received. All students passed the exam.

The second course had 45 students, 70 percent of whom passed. The last session that she held had 105 students and 80 percent of those students passed. Jessica did not feel comfortable advertising her pass rate, however, because many of her students had taken the CPA exam one or two times before and failed.

She wasn't sure whether they passed after taking her course because of the quality of the program or because they were bound to pass it at some point. Spins 2003 BY ten spring AT 2003, Jessica Ana Tallness teaching ten course Tort ten May exam Ana was looking forward to the September class.

Although she was pleased that the number of students in each session was rising, she felt concerned that she was not making enough of an impact in the market. With only 10 percent of the market tapped, Jessica wanted to know how to improve her marketing and gain market share. She also wondered if she needed to format the course differently to attract students who did not want to attend live lectures. She had initially believed that students would benefit from a structured program that kept them on track, but now she was not so sure.

Many times students did not come to class but opted to listen to the tapes at home.

Finally, Jessica realized that in her zeal to get her business up and running she had neglected to calculate her breakable point. How many students did Jessica need to breakable, and at what point could she recognize a profit? She realized that these were all critical questions that needed answers to ensure the future success of her business. Operating Costs for Turner Testing Services Professor salaries (about 1, 200 hours per year) \$75 per hour Office space \$2, 000 per month Utilities and insurance \$1, 000 per month Materials \$600 per student Printing \$500 per month Marketing \$400 per month Travel \$200 per month