

Business plan

Education



Business Plan Surya International School A Nonprofit English-medium High School Managed by Surya Bhan Trust, India Supported By Sun Academic Foundation, USA 1 Table of Contents I. Executive

Summary
 4 II. Company
 Overview.....
 5 2. 1
 Vision
 5 2. 2. Mission
 Statement.....
 5 2. 3 The Business Opportunity and
 Need
 .. 5 2. 3. 1 School
 Description
 5 2. 3. 2 School
 Construction
 6 2. 3. 2. 1 Current Status of the School
 Construction..... 8 2.
 4 Capital
 Requirements
 10 III. School
 Services
 11 3. 1
 Overview
 11 3. 2 Student
 Learning

..... 11 3. 3 Student Services

..... 11 3. 4 School Operation

..... 12 3. 5 School Finance and Accounting

..... 12 3. 6 Student Auxiliary Services

..... 12 IV. The Market

..... 13 4. 1 School Market Analysis

..... 14 4. 2 Uttar Pradesh Demographic Information

.. 15 4. 3 Jaunpur City Demographic Information.....

.... 15 4. 4 Profile of Direct Competitors

..... 15 4. 5 Competitive Analysis and Strategy

..... 17 V. Marketing Plan

..... 18 5. 1 Marketing Overview

..... 18 5. 2 Branding Strategy

..... 18 5. 3 News Paper

Advertising
..... 18 5. 4

Signage
..... 18 5. 5 Internet

Marketing
..... 19 VI. Management and

Staff.....
..... 20 2 6. 1 Executive

Management
..... 20 6. 2 Staffing and

Teachers
..... 21 VII. Operational

Plan
..... 22 7. 1 Operational

Overview
..... 22 7. 2 Facility

Layout
..... 22 7. 4 Laboratories and

Library
..... 22 7. 5 Campus

Safety
..... 22 7. 6 Accounting, Billing, and

Collections.....
..... 22 7. 7 IT

Infrastructure

..... 22 VIII. Financing and Growth

Strategy

..... 24 8. 1 Capital

Requirements

..... 24 8. 2 Financial

Strategy

..... 24 8. 3 Risk

Analysis

..... 24 IX. Financial

Plan.....

..... 25 9. 1 Five-Year Budget

Plan

..... 25 9. 2 Revenue

Model.....

..... 27 9. 3 Expense

Assumptions

..... 27 9. 4 Income and Expense

Estimates

..... 28

Appendix

..... 29 Appendix A. Income and

Expense Details for Five

Years 30 Appendix B.

Year 2010 Balance Sheet of Surya Bhan

Trust 32 Appendix C.

Delhi Public School, Kashi (Varanasi) Fee

Structure 33 Appendix D. St. Patrick’s Fee

Schedule 34 Appendix E. Sunbeam Academy Fee

Schedule..... 35 Appendix F. Salaries based upon the recommendation by the 6th Pay Commission (the most recent) of India 36

3 I. Executive Summary A quality education is sorely lacking in the eastern part of Uttar Pradesh, India. The lack of quality education has had a detrimental impact on families and the society in that part of the state. Surya International School will be a top-notch and English-medium higher secondary school imparting quality education to children in the city of Jaunpur, Uttar Pradesh, India. At least 10% of the students will receive free education. Sun Academic Foundation, a tax exempt organization under section 501(c)(3), solicits \$380, 000 in donations to help complete the building of Surya International School and to support its initial operation. Surya Bhan Trust, an India-based nonprofit organization, has already spent over \$138, 000 on land acquisition and the school’s building. The school has over two acres of land, and the school’s building is partially built.

4 II. Company Overview

2. 1 Vision Sun Academic Foundation, a tax exempt organization under section 501(c)(3) of the Internal Revenue Code, is committed to open life-changing opportunities for children through quality education. Education is wealth that can be invested by people to better their lives. Education is the most effective weapon against poverty and social enigma. Our motto is “ Imparting good education

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is the best community service. " 2. 2. Mission Statement Our mission is to support a model high quality international level school offering a cost-effective, broad, and challenging educational program to students in the eastern part of Uttar Pradesh, India. At least 10% of the students from poor families will get tuition-free education. These students will not pay any fees. A quality education is in short supply in the north-eastern part of Uttar Pradesh, India. Children and their families are caught in a vicious circle of poverty and ignorance. They are unable to break the shackles of the gripping poverty and ignorance. Quality education is a major way to deal with this dire situation. The school is committed to inspire students to achieve the highest standards of intellectual and personal development through a stimulating and comprehensive educational program. The emphasis will be on Science, Engineering, Technology, Math (STEM), and English. 2. 3 The Business Opportunity and Need There is an acute shortage of quality secondary education in India, especially in Uttar Pradesh. The lack of quality education has had a detrimental effect on society and its development. There is no availability of a good education even for families who can easily afford it. According to India's Planning Commission report titled " Education scenario and needs in India: Building a perspective for 2025" (<http://planningcommission.nic.in/reports/sereport/ser/vision2025/edu2025.pdf>), two-thirds of the eligible 100 million population of secondary and senior level students remain out of the school system. The situation is even worse when it comes to having access to quality education. 2. 3. 1 School Description Surya International School, a truly English medium senior secondary school, is a start-up high quality educational institution. The school is being built on more than two acres of land located in the city of <https://assignbuster.com/business-plan-business-plan-samples-2/>

Jaunpur, Uttar Pradesh (U. P.), India. Jaunpur falls in the eastern part of Uttar Pradesh. The India's map in Figure 1 shows the location of Jaunpur. Jaunpur is 37 miles from the city of Varanasi. The Varanasi airport is only 28 miles from Jaunpur. Jaunpur is about 480 miles southeast of New Delhi. 5 Figure 1. Location of Jaunpur is indicated by a red marker. Visualization and active learning will be integrated in every subject. The school will have mathematics lab equipped with mathematical software to help students understand physics- and mathematics-related concepts visually and actively. English lab will be setup to help students practice reading, writing, and speaking English correctly and proficiently. Students will be provided an active learning environment. Active learning refers to methods where students do more than simply listen to class lectures. Students "do" something including discovering, processing, practicing, and applying information through interaction with teachers. 2. 3. 2 School Construction

The proper land-zoning was approved by the U. P. government on July 11, 2011. We have all necessary government approvals and formalities in place to start building the school. Figure 2 shows the school's land and the buildings. Figure 3 shows an artist's rendering of the completed school building. It has four wings- west, north, east, and south. These wings will have classrooms, laboratories, and offices. The eastside extension in the background will house a multipurpose hall and additional rooms. 6 Figure 2. A sketch showing the school land and the buildings. Figure 3. Artist's rendering of the school building. The plan is to build the school in stages. In the first stage, the school will have classes from KG to 8th grade. A new grade will be added every year after that. In the first stage, 17 classrooms, one office, one teachers' residence (housing for 16 teachers), and one

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principal's residence will be built. The on-campus housing for teachers will enable us to attract better teachers. 7 These rooms will allow us to have first class laboratories–Biology, Physics, Chemistry, Computer labs, and a library in addition to the classrooms. In the second stage of construction, three additional classrooms, additional office space, and a multipurpose hall will be added by the beginning of the second year of operation. 2. 3. 2. 1 Current Status of the School Construction Surya Bhan Trust, an India-based nonprofit trust and the owner of the school, has spent over \$138, 000 to acquire the land and to partially build the school. Year 2010 Balance Sheet of Surya Bhan Trust is shown in Appendix B. The figures in the balance sheet are in rupees. Currently, there are six unfinished, bare classrooms (each room is 30 feet by 25 feet). The foundational pillars for another three classrooms have been laid down. One set of unfinished stairs is also completed. The pictures below in Figures 4 to 6 show a partial view of the school under construction. Figures 4 and 5 show the west side classrooms. Figure 6 shows the foundation and pillars for the north wing (in the foreground) of the building while the west wing is in the background. Figure 4. A partial view of the west wing of the school under construction. The school building starts at the northwest corner of the land. 8 Figure 5. Another view of the west wing of the school. 9 Figure 6. This picture shows the partially built pillars for the north wing in the foreground, and the west wing is in the background. 2. 4 Capital Requirements Sun Academic Foundation seeks \$380, 000 in donation for the construction and the initial operation of the school. The requested seed capital of \$380, 000 will enable Sun Academic Foundation to help complete the school construction and support the first five years of school operation. The school is expected to become self-sustaining in the 4th year <https://assignbuster.com/business-plan-business-plan-samples-2/>

of its operation. This funding will enable the school to build a total of 20 classrooms including five laboratories (Physics, Chemistry, Biology, Math, and computer labs) and one library, three office rooms, teacher housing for accommodating up to 16 teachers, one principal's residence, and a multipurpose hall. Sun Academic Foundation is expected to complete all the construction work by the second year of the school operation. Table 2 in section 9. 1 shows the five year budget plan. The requested capital will enable the school to become self-sustaining and to have enough building space to run classes up to the 12th grade. The details of the five-year budget and other financial data are discussed in the financial plan section of the business plan.

10 III. School Services

3. 1 Overview The school will offer an ideal setting for students to get quality education. Each student will be treated as a valuable " customer" who expects the best learning environment. Teachers and other employees of the school will be treated with respect. The school will engage in the following major activities:

1. 2. 3.
4. 5. Manage student learning
- Manage student services
- Manage school operation
- Manage finance and accounting
- Manage auxiliary services

These activities will go through a periodic assessment of their performance. Each of these major activities is briefly described below.

3. 2 Student Learning

Student learning activity deals with the design and implementation of various curricular programs at various levels–primary, secondary, and higher secondary levels. There will be emphasis on Science, Technology, Engineering and Math (STEM), and English education. Programs will be designed based upon the required knowledge, skills, and abilities (KSA). Appropriate courses will be designed and taught based upon the KSA specification of each program. Teaching and student learning will be

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assessed on a regular basis. Student and teacher performance will be assessed. These assessments will be used as a feedback to evaluate teachers as well as curricular programs. Teachers will be given adequate resources and facilities to upgrade and refine their teaching skills. After school “ coaching” sessions will be conducted to help and guide students in their assignments and homework. These sessions will allow students to complete their assigned work without relying on their parents. Most of the parents are not educated enough to help their children in their homework. An English-medium education presents even more challenges to parents because most of them do not have a good knowledge of English. A close interface with the industry will be sought and maintained. The school will encourage and leverage the employee volunteer program of companies in providing enrichment to student learning experience.

3. 3 Student Services

Student services activity involves recruitment, admission, guidance, counseling, health, etc. A well-defined process will be used to recruit and admit students. A screening test will be given to ascertain the knowledge and deficiency for incoming-students. This process will enable the school to identify fitting students who but may need some remedial work in order to get up to speed with the rest of the students. The school will have a 11 well-equipped student-health clinic for providing first-aid services and for keeping immunization records. Students will be provided counseling in various career opportunities and higher education.

3. 4 School Operation

School operation activities involve maintaining the infrastructure such as labs, library, Information Technology(IT), building, and other facilities. It also involves maintaining the inventory of supplies, equipment, and other assets as well as managing the security of the campus and the students.

3. 5 School Finance

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and Accounting Finance and accounting activities relate to strategic planning, budgeting, financial management, accounting, state and federal rule compliance, implementation of plans, etc. 3. 6 Student Auxiliary Services Auxiliary services will involve management of extracurricular activities, recreational activities, community service activities, student transportation, etc. 12 IV. The Market Rapidly expanding industrial and service industry has put a heavy labor market demand for graduates with higher levels of knowledge and skills. The secondary education is the basic foundation for almost any kind of knowledge and skills. This has resulted in a huge demand for secondary education in India. According to the World Bank report titled “ Secondary Education in India: Universalizing Opportunities” (<http://ddpext.worldbank.org/EdStats/INDstu09a.pdf>), published in 2009, various projections suggest an increase in absolute demand for secondary education between 2007/08 and 2017/18 of around 17 million students per year, with total enrollment growing from 40 to 57 million students. According to Fortress Team Research (<http://fortress.co.in>), the education market for secondary education is estimated to be over US \$5. 7 billion. 13 4. 1 School Market Analysis Figure 7 shows the actual and projected demand for the secondary education in India. Figure 7. World Bank secondary education demand. There are mainly three types of secondary schools–government schools, government-aided private schools, and private schools–in India. Private schools account for about 60% of the secondary enrollment. Private schools are funded completely through school fees and donations. Aided private schools receive government grants-in-aid and work very much like government schools. Private schools have to follow state regulations, but they have more autonomy regarding curriculum, medium of instruction, <https://assignbuster.com/business-plan-business-plan-samples-2/>

types of students admitted, fee level, and student-teacher ratios. There are several thousand private schools in Uttar Pradesh. Some of the well-known private schools in the eastern part of Uttar Pradesh are Delhi Public School, Sunbeam Academy, St. Patrick School, and St. John's School. Delhi Public School (DPS) was founded as a public school in 1972 in New Delhi. It is a private institution run by the Delhi Public School Society. DPS is affiliated with the Central Board of Secondary Education (CBSE), which is the largest educational board in the country. DPS has over 5000 schools in India, with over 80, 000 students. Sunbeam Academy was founded in 1972 in Varanasi as a private school. It has now over 10 branches with over 10, 000 students. St. Patrick's higher secondary school (high school) was founded in 1891 in eastern India. St. Patrick's was founded by the Congregation of Christian Brothers, a Catholic society from Ireland that has undertaken missionary and educational work worldwide. Almost every city has at least one St. Patrick's school in the eastern part of Uttar Pradesh. 14 St. John's School is a private school in Varanasi, India affiliated to the Council for the Indian School Certificate Examinations (CISCE), New Delhi. It was established in 1964 and imparts education to over 8, 500 students. St. John's is administered by the Roman Catholic Diocese of Varanasi, which is a registered charitable society. The religious congregation of the Queen of the Apostles is actively involved in its administration. The school is under the religious jurisdiction of the Catholic Bishop of Varanasi. St. John's School has three branches in Varanasi. St. John's School, Jaunpur, was established in 1996 and is administered by the Catholic Diocese of Jaunpur, a registered charitable society. It is under the religious jurisdiction of the Bishop of the Diocese of Jaunpur. Sisters of the Cross of Chavanod are actively involved in its administration. St. Patrick's

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and St. John's schools are missionary-based and tend to charge lower tuition and fees. Delhi Public School, Sunbeam Academy, and other non-missionary-based schools charge higher tuition and fees.

4. 2 Uttar Pradesh

Demographic Information Uttar Pradesh is the most populous state of India.

According to 2011 census, the population of Uttar Pradesh is about 200

million with a literacy rate of 69.72%. Uttar Pradesh has an area of 93,023 square miles with a GDP of about US \$110 billion. It is divided into 75

districts. Jaunpur is one of the districts.

4. 3 Jaunpur Demographic Information Jaunpur is located to the northwest of Varanasi in eastern Uttar Pradesh. Jaunpur is located on 25° 46' N latitude and 82° 44' E longitude.

The total population of Jaunpur is 168,128. The total number of children

between the ages zero and six in Jaunpur city is 18,033 as per figure from

Census India report on 2011. The population of the whole Jaunpur district is 4,476,072. The average literacy rate of Jaunpur city in 2011 was 82.11%.

Jaunpur is well connected with the major cities in India by air, rail, and road.

Varanasi International Airport is just a 45-minute drive from Jaunpur city on

the National Highway 56. Jaunpur city is governed by Municipal Corporation.

Jaunpur city is located on the banks of Gomati river and the river basically divides the city in two parts—the west side and the eastside.

4. 4 Profile of Direct Competitors Jaunpur city has several private schools. The popular

schools are: (i) (ii) (iii) (iv) Radhika Bal Vidyalaya, St. Patrick's School,

Sunbeam Academy, and Dr. Rizvi Learners' Academy. However, the direct

competitors are the two private schools—St. Patrick's School and Sunbeam

Academy. St. Patrick's School is located about six kilometers (four miles) to the east of the proposed Surya International School and Sunbeam Academy

is located about five kilometers (three miles) to the west of the Surya

International School. They are considered some of the better quality schools. Most of the private schools hire teachers on a contract basis. They also underpay their teachers. For example, according to several reliable sources, a secondary teacher in Jaunpur city is paid between US \$143 (Rs. 7, 000) and \$205 (Rs. 10, 000). A teacher with similar qualifications is paid over US \$490 (Rs. 24, 000) by government schools. Private schools can hire teachers at a lower salary because there are a lot of unemployed teachers willing to work at a lower salary. The management at most of these schools tends to be quite unprofessional and pays little interest in the welfare of students and teachers. This situation creates two problems—low morale among the teachers and a sub-par education. Teachers are not properly respected. Low paid teachers end up doing outside tutoring in order to supplement their salary and show only luke-warm interest in the schools at which they are teaching. Table 1 shows a comparison of tuition and fees among the competitive schools in the area. The tuition and fees data has been taken directly from the fee schedule of respective schools shown in Appendices C-E. As expected, the St. Patrick's tuition and fees are lower than that of Delhi Public School and Sunbeam Academy. The proposed tuition and fees for Surya International School are priced conservatively and are closer to that of St. Patrick's school's tuition and fees. Delhi Public School is located near a small town called Babatpur, about 26 miles from Jaunpur city. It is included in the comparison table to show that a well-known school can charge high tuition and fees even if it is located in a smaller town.

Tuition & Fee Comparison among Schools (US\$)

School	Monthly Tuition & Fees	UKG	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th	11th
Surya International School (proposed)													
Delhi Public School, Babatpur, Varanasi													

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12th 20. 08 22. 37 22. 37 26. 29 26. 29 26. 29 30. 41 30. 41 30. 41 35. 49
 35. 49 36. 90 36. 90 54. 25 54. 25 54. 25 58. 33 58. 33 58. 33 58. 50 58. 50
 58. 50 60. 54 60. 54 62. 59 62. 59 Sunbeam Academy, Jaunpur, Varanasi St.
 Patrick's School Jaunpur Monthly T uition & Fees 49. 49 61. 73 61. 73 65. 48
 65. 48 65. 48 77. 04 77. 04 77. 04 84. 52 84. 52 103. 74 103. 74 18. 13 19.
 49 19. 49 21. 53 21. 53 21. 53 23. 00 23. 00 23. 00 24. 06 24. 06 35. 29 35.

29 Table 1. A comparison of tuition & fees. 16 4. 5 Competitive Analysis and Strategy Current economic and labor market trends have marked a continued growth in demand for quality secondary education in eastern Uttar Pradesh and throughout India. Jaunpur city families with children are hungry and desperate for their children to have an education that propels them into a better future. As a result, a competitive environment for a well-funded school providing quality education is extremely favorable. The demand for additional schools was recently demonstrated by the fact that two new schools attracted over 900 students in their first year of operation in and around the city. There is a very strong demand for quality primary and secondary education. The competitive environment offers ample opportunity for organizations wishing to provide primary and secondary education. The above competitors serve similar populations and similar admission criteria. However, Surya International School will use a more comprehensive educational service model, attract better teachers, and provide high quality education. Surya International School will quickly establish a competitive advantage by focusing on the needs of the students and teachers. Teachers will be highly paid. The principal and most of the teachers will be offered oncampus residence. This will enable us to attract better teachers from the various parts of India. State-of-the-art laboratories and IT infrastructure will

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create a more hands-on learning environment for students. STEM education will have high priority. Students will get after-school help in completing their homework. The school will differentiate itself by providing excellent service to students.

17 V. Marketing Plan 5. 1 Marketing Overview Surya International School will use a dynamic marketing campaign to achieve branding and promote visibility in the city as well as in the region. The school plans to initially establish brand visibility within the local community market of the Jaunpur city and eventually expand into the regional community market. Currently students of this region easily travel 30 to 40 kilometers to attend a good school. School buses transport students from home to school and back. The school will involve itself into volunteering work in and around the city in order to create a more positive and true image of the school. The following marketing strategies will be integral in generating sustainable revenue and growth.

5. 2 Branding Strategy Surya International School will bring to educational market a high quality educational experience by providing excellent facilities and service to students and teachers. The branding objectives for Surya International School will focus on building credibility for its high quality education at a competitive price, backed by highly qualified teachers and an active learning infrastructure. The school will strive for exposing students to American English speaking and teaching. It will establish collaboration with US universities where university students will do internships at the school and teach English to primary and secondary students. The school will hope to build a reputation for its educational program. Surya International School's brand will eventually convey the following five strategic goals:

- o Excellence in well-rounded education
- o Focus on quality and relevance
- o Educational accessibility to poor students

Excellent learning and teaching environment Educational outreach 5. 3 News Paper Advertising Spotlight Ad and Informational Ad about the school and its activities will be published in the local and other newspapers regularly. 5. 4 Signage The school will feature prominent signage along walls that are visible to walk-by and drive-by traffic. The signs will be large banners that garner attention of individuals that pass by the school facility. 18 5. 5 Internet Marketing Surya International School will implement a variety of Internet marketing techniques to promote its brand, mission, and services. The school will use website, email marketing, blogging, and social media to reach various kinds of families in the community. Website will be a base for student information. The website will become an accessible source of information about the school and its services. 19 VI. Management and Staff The school will be affiliated with the Central Board of Secondary Education (CBSE). It will follow the CBSE affiliation bylaws as it pertains to the management of a secondary school. As per the bylaws, the managing committee of a private school shall consist of not more than 21 members. The Surya International School's Management Committee shall include the following namely: (i) (ii) (iii) (iv) (v) the manager of the school; the head of the school. He/she will be a Member Secretary of the School Managing Committee; two parents of students in the school; two teachers of the school; two other persons, who are, or have been teachers of any other school or of any college, to be nominated by Surya Bhan Trust; (vi) two members, from out of a panel recommended by Surya Bhan Trust to be nominated by the Board; (vii) one additional member to be nominated in accordance with the rules and regulations of Surya Bhan Trust by which the school will be run. Thus, the Surya International School's Management

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Committee will consist of 11 members. 6. 1 Executive Management The overall operation and management of Surya International School will be handled by Surya Bhan Trust, the owner of the school. The trust board members are listed below: o o o Surya Bhan Yadav, President, Surya Bhan Trust, Varindra Kumar Yadav, Manager and Treasurer, and Arvind Kumar Yadav, Secretary. Bio: Dr. Surya B. Yadav is the Sowell Professor of Telecom Technology in the Rawls College of Business, Texas Tech University, Lubbock, Texas. He received his Bachelors of Science degree in electrical engineering from Banaras University in 1972, the M. Tech. degree from IIT Kanpur, India in 1974, and the Ph. D. degree in business information systems from Georgia State University, Atlanta in 1981. He served as the Department Head of the ISQS department for 9 years. He was co-director of Software Engineering Research Training and Education Center for several years. He continues to provide leadership in the department and in the college in managing undergraduate and graduate programs in Management Information Systems (MIS). He has taught at Texas Tech University for over 30 years. He has taught several kinds of courses at all levels–Ph. D., graduate, and undergraduate levels. He has played major roles in designing and updating undergraduate, graduate, and Ph. D. level MIS programs. He has chaired over 15 Ph. D. dissertations. He was a consultant to Texas International Education Consortium and IBM Technical Education. 20 Varindra Kumar Yadav, Manager and Treasurer, Surya Bhan Trust Bio: Mr. Varindra Yadav currently works for the Purvanchal University, Jaunpur, Uttar Pradesh. He has worked as an account assistant and as a branch manager for JVG Finance Ltd. for several years. As a parent of two teenage children, he has firsthand experience in dealing with primary and secondary schools in <https://assignbuster.com/business-plan-business-plan-samples-2/>

India. He is knowledgeable in dealing with city and state government offices. Arvind Kumar Yadav, Secretary, Surya Bhan Trust Bio: Mr. Arvind Yadav is a farmer and a part-time subcontractor for road and other types of constructions. He has an interest in politics and maintains a good contact with local political leaders. He has two school-age children. Surya Bhan Yadav will be the Manager, and Varindra Kumar Yadav will be the Assistant Manager of the school.

6. 2 Staffing and Teachers

Surya International School will conduct a nationwide search to recruit an able, personable, and well-qualified principal. The school will work to hire and to keep highly qualified teachers. The school will make use of recruiting services nationwide in order to find good teachers. The school will carefully hire new workers due to the special needs of the nature of the work—dealing with students and their safety. Extensive background checks will be conducted on all potential staff and teachers to verify academic and criminal records and their social skills. Extra care will be taken to ensure that new workers represent their background and skills honestly.

21 VII. Operational Plan

7. 1 Operational Overview

The secondary school's academic session starts in April. According to the current plan, the school will start the operation in the month of April 2013. It is estimated that it will take about six months to complete the partially-constructed school. Therefore, the funding should be secured by the end of September 2012 in order to start the school in year 2013. The school will open in 2014 if the funding is not available in time.

7. 2 Facility Layout

The sketch in Figure 2 shows the school's land. The school building and two residences are also shown with the raised blocks. The land is over two acres, and it is located in an open area. It's very strategically located because it is inside the city limit but away from the city crowd. The land is already bought,

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and the school building has been partially constructed. The building foundation and the pillars are very strong and of high quality. The facility will be outfitted with proper plumbing, wiring and security cameras. An inviting campus will be maintained through proper landscaping and cleanliness. Management will ensure that the facility is properly licensed and in full compliance with all applicable CBSE and state regulations governing the operation of an educational institute. The land is already zoned for educational purposes.

7. 4 Laboratories and Library The school will have fully equipped laboratories. There will be visualization software and other tools in every lab in addition to the standard lab equipments. Excellent library facilities will be provided to encourage reading.

7. 5 Campus Safety The campus safety will be maintained all the time. The campus will be secured with a well-constructed and fenced boundary with a manned entry gate. Web-camera based surveillance system will be used to monitor the campus activities.

7. 6 Accounting, Billing, and Collections Accounting and other related operations will be stream-lined. Best-practice accounting techniques such as activity-based accounting will be used to manage expenses. A proper separation of duties and responsibilities will be maintained in financial and other areas. Appropriate accounting and billing software will be utilized to support the school's operation. Student registration and fee collection software will be integrated with the accounting and billing software.

7. 7 IT Infrastructure It is envisioned that IT will play a major role in creating a highly effective educational environment. A highly secured network of servers and client workstations will be maintained. Cloud computing and other 22 appropriate IT concepts will be used to minimize the storage and maintenance of physical devices on the campus.

23 VIII. Financing and

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Growth Strategy 8. 1 Capital Requirements Surya International School seeks \$380, 000 in funding to finance the successful implementation of the school's educational venture. The fund will be used as follows: (i) (ii) (iii) (iv) (v) \$5, 000 will be used for marketing. \$309, 504 will be used to cover the construction cost of the school and the residential buildings. \$18, 755 will be used to purchase lab equipments, classrooms' chairs, etc. \$20, 408 will be used to build a networked computer lab with 50 computers. \$26, 333 will be used to support the school operation for the first four years. It will be used mainly to cover the salary expenses. 8. 2 Financial Strategy Sun Academic Foundation's financing strategy to solicit donations from organizations and individuals who invest in social and educational activities. The foundation seeks to secure \$380, 000 to help complete Surya International School's building and to support the initial operation of the school. Surya Bhan Trust, an Indiabased nonprofit trust and the owner of the school, has spent over \$138, 000 to acquire the land and to partially build the school. The seed fund of \$380, 000 will enable the school to build out its operating facilities as provided for its capital plan, recruit teachers, and commence its marketing and operation smoothly. It is projected that the seed fund will enable the school to launch its educational operations and successfully implement its business operations plan for providing a life-changing education to children underserved for quality education. The foundation will focus on securing donation from multiple sources including organizations that believe in social investing. 8. 3 Risk Analysis The risk associated with this venture is very negligible. The primary source of risk is related to the future uncertainties about the need for quality education in Uttar Pradesh. The market demand for secondary education is growing rapidly throughout India. More families

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have high enough income to provide good education to their children. The management believes that the market opportunities are significant and the chances for success are excellent. 24 IX. Financial Plan 9. 1 Five-Year Budget Plan Table 2 shows the five-year budget plan. The school will run KG through 8th grade in the first year of operation. It is estimated that the school will enroll 370 tuition-paying students in the first year. Ten percent of the total enrolled students will receive free education. Each grade will have 45 to 55 students. An earnest attempt will be made to reduce the class sizes in two to three years once the school gets established. We are very confident that it would be possible to charge a higher tuition and fees once the school gains reputation for high quality education. This will enable us to reduce the class sizes and possibly run multiple sections of classes. The first column in Table 2 shows \$138, 845. 92 (88, 714. 29 + 50, 131. 63), which is the money already spent on the land acquisition and the partially built school building. The construction year column shows the estimated donation of \$380, 000. It also shows the various expenses for the construction year. The construction year represents a time period before the commencement of the school operation. The construction year expense is projected to \$252, 504. 04. The enrollment estimate of 370 students in the first year of operation is a conservative estimate for the number of students. There is a waiting line of students to get into good schools. We have no written evidence on the waiting lines since schools do not publish this kind of information. However, our own experience and the experiences of families with children in Jaunpur city tell us that not only are there a waiting line of students but also there is a desperate desire on the part of parents to find better schools even if the children are bussed more than 20 kilometers (12 miles) away from their

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homes. 25 Table 2. Five Year Budget Plan. Five Year Budget--Surya International School--Junior High To High School--A NonProfit School (in US \$)

Note: At least 10% of the students will get free education. Item Current Capital Construction (land & Building) Year Year 3 of operation-- Year 4 of Operation- Year 5 of Up to 10th Grade -Up to 11th Grade Operation--Up to 12th Grade 370 Estimated Number of Students Year 1 of operation- Year 2 of -Junior High (KG- operation--Up to VIII) 9th Grade 460 540 590 Exchange Rate (1 US\$) 49 640 Annual Revenue from Operation (in \$) 0. 00 113, 139. 46 144, 782. 65 173, 922. 08 195, 964. 29 218, 021. 98 Estimated Contribution Through Donation (US\$) 380, 000. 00 0. 00 0. 00 0. 00 0. 00 0. 00 0. 00 Principal (Salary including retirement fund (RF)) (All salaries are based upon India's 6TH Pay Commission's salary recommendations.) 11, 992. 87 12, 232. 73 12, 477. 38 12, 726. 93 12, 981. 47 Teachers (Salary including RF) (1st Yr--12 teachers, 2nd Yr--13, 3rd Yr--14, 4th Yr--16, 5th Yr--17) 77, 865. 33 87, 146. 56 96, 767. 90 106, 739. 24 108, 874. 02 Staff (Salary including RF) (1st Yr--4 staffs, 2nd Yr--5, 3rd Yr--5, 4th Yr--6, 5th Yr--7) 16, 287. 09 16, 612. 83 16, 945. 08 20, 740. 78 24, 681. 53 Other Expenses (Electricity, Water, Magazines, Books, Supplies, etc.) 5, 632. 65 5, 914. 29 11, 070. 00 11, 623. 50 12, 204. 68 6, 857. 14 7, 200. 00 7, 560. 00 7, 938. 00 8, 334. 90 20, 816. 33 21, 857. 14 22, 950. 00 24, 097. 50 25, 302. 38 6, 000. 00 139, 451. 40 150, 963. 54 167, 770. 37 194, 477. 35 214, 026. 23 Building Construction Expense--Building three wings (West, North, and East)--One Floor for a total of 13 Class Rooms and One Office, Teacher Housing (One floor), and Principal's Residence 160, 869. 39 0. 00 Auxiliary Items--(Lab Equipment, Coolers, Generator, 100 set of Bench and Table, Library Books, etc.) 15, 693. 88 0. 00 Construction Expense--Second Floor on <https://assignbuster.com/business-plan-business-plan-samples-2/>

the east wing for a total of 17 rooms and a Second Floor of Teacher Housing and an additional Office room 70, 938. 78 Annual Operational Expenses (in US \$) Computer & Building Maintenance Administrative and Incidental Expenses 1, 000. 00 Marketing Expense 5, 000. 00 Note: Organizations are not required to provide health and insurance benefits. Note: No taxes are levied on a nonprofit school if 10% of the students get free education Total Annual Operational Expense (US \$) Capital Expenses Land--over two acres 88, 714. 29 School Building-Partially Completed 50, 131. 63 Construction Expense--Second Floor on the North Wing at the end of Year 1 of Operation for a total of 20 rooms and a MultiPurpose Hall 77, 695. 92 50 Computers for Lab--At the beginning of Year 2 Expense for an Additional 100 sets of Bench & Table at the of the Beginning of the the 2nd Year 20, 408. 16 3, 061. 22 Total Expenses (US\$) 253, 502. 04 237, 555. 48 154, 024. 77 167, 770. 37 194, 477. 35 214, 026. 23 Net Working capital (US\$) 126, 497. 96 -124, 416. 03 -9, 242. 12 6, 151. 71 1, 486. 94 3, 995. 75 Cummulative Net Working Capital (US\$) 126, 497. 96 2, 081. 93 -7, 160. 18 -1, 008. 47 478. 47 4, 474. 22 Note: The positive net working capital, if any, will be reinvested. It will be used to expand the school and to offer other charity-related activities. 26 9.

2 Revenue Model Surya International School will generate revenues from tuition and fees charged to students. Table 3 shows the details of tuition and fees for different classes. The row titled Total Monthly (including tuition and fees) shows the total monthly charge for each student. These estimates are very competitive for the education market in eastern Uttar Pradesh, India. As can be seen from the fee schedules of other schools shown in Appendices C-E, Surya International School's monthly charges are very reasonable. These monthly charges will be paid by a student's parents during the first week of

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every month in advance. Some private schools collect tuition and fees on a quarterly basis. Surya International School Tuition & Fee Schedule (US\$)

Exchange rate (1 US\$=	Amounts (Estimates)	Annual Fee	Class Nursery	Class--I to II	Class III to V	Class VI to Class IX	VIII to X	Class XI to XII				
Admission fee	20.	41	20.	41	20.	41	40.	82	40.	82	61.	22
(i) School Diary, Folder	1.	53	1.	53	1.	53	1.	53	1.	53	1.	53
(ii) Games & Activities	3.	06	3.	06	3.	06	3.	06	3.	06	4.	08
(iii) Library & Audio-Visual	0.	00	2.	04	2.	04	2.	04	2.	55	3.	06
(iv) Science Fee	0.	00	0.	00	0.	00	1.	02	1.	53	2.	04
(v) Maintenance & Development Fee	5.	61	5.	61	5.	61	5.	61	5.	61	5.	61
(vi) Electricity & Water	5.	10	5.	10	5.	10	5.	10	5.	10	5.	10
(vii) Magazine Charge (in July)	2.	04	2.	04	2.	04	2.	04	2.	04	2.	04
(viii) Computer Fee	0.	00	1.	02	1.	53	2.	04	2.	04	4.	08
(ix) Term Fee (two Times in a year (August & January))	7.	14	7.	14	7.	14	7.	14	7.	14	11.	22
Total Annual Fee	44.	90	47.	96	48.	47	70.	92	77.	04	100.	00
Monthly Tuition Fee	16.	33	18.	37	20.	41	24.	49	26.	53	28.	57
Total Monthly (including Tuition & Fees)	20.	07	22.	36	24.	45	30.	40	32.	95	36.	90
Security Deposit--New Admission (refundable only with the Original receipt)	10.	20	10.	20	10.	20	10.	20	10.	20	10.	20
Table 3. Tuition and fees estimates.	20.	41	20.	41	20.	41	20.	41	20.	41	20.	41

The five-year budget plan in Table 2 shows the revenue projection for five years. The school is projected to be self-sufficient by the fourth year of operation.

9.3 Expense Assumptions

The building construction expense shown in Table 2 has been computed based upon the square footage of the building multiplied by the construction cost per square foot. The current construction cost in Jaunpur city is \$11.23 per square foot. The salary expense has been computed based upon the 6th Pay Commission's recommendation shown in Appendix G. The salary estimates are based upon the government's recommendation for salaries. However, the private schools

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in India hire teachers on a contract basis and pay a lot less (up to 50% less) than the official recommendations. The reason for this is that the unemployment rate is quite high in India, and teachers are willing to work at a lower salary. This indicates that Surya International School will be able to attract better teachers even if the school hires them on contract as long as the school pays more salary than the salary paid by other area schools. The expenses for other items such as utilities, tables and chairs, computers, etc. have been determined based upon the current going rates in India. 9. 4 Income and Expense Estimates Appendix A shows five-year income and expense estimates. The estimate indicates that the net cash flow from the school's operation will become positive in the third year. The management strongly believes that the school will not need any external financing to support its operations. It is anticipated that the internally generated cash flows will be more than sufficient to support growth and sustained financial liquidity. 28 Appendix The Appendix contains several supplemental tables and figures. 29 Appendix A. Income and Expense Details for Five Years Surya International School--Revenue & Expense Estimate for Junior High (secondary) and High School (Higher Secondary) Tuition & Fees CBSE Requirements 1st Grade Assumptions: JH Number of classes (preprimary to 8th) = 9 Number of students per class= 45 to 55 Total number of teachers required= (9*1. 5= 13. 5) Number of staff= 4; Note: One new grade is added every year after the 8th grade. 1. Class size: 45 to 55 2. 1 and ½ teachers per section. 3. Library with 5 books per student (at least 1500) excluding text books 4. At least 15 magazines 5. Volleyball, 200 meter track, and Kabaddi fields 6. 1. 5 to 2 acres land 7. Staffs (Watchman, Peon, Principal, Clerk, Gardener, Driver) KG 2nd Grade 3rd 4th 5th 6th 7th 8th 9th 10th 11th 12th

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Exchange rate (1 us\$-) Monthly Tuition Monthly Revenue (based upon number of students and monthly tuition & Fees) 16. 33 18. 37 18. 37 20. 41 20. 41 20. 41 24. 49 24. 49 24. 49 26. 53 26. 53 28. 57 28. 57 44. 90 47. 96 47. 96 48. 47 48. 47 48. 47 70. 92 70. 92 70. 92 77. 04 77. 04 100. 00 100. 00 49 Annual Fee Year 1 Junior High (JH) Year 2 includes 9th grade Year 3 Includes 9th & 10th Year 4 Includes 9th & 10th, & 11th Year 5 Salary Increment Includes 9th & 10th, & 11th, & 12th Number of students 370 460 540 590 640 20. 86 21. 43 21. 89 22. 45 22. 92 7718. 82 9857. 14 11821. 89 13244. 90 14668. 76 55. 44 57. 60 59. 37 62. 76 65. 62 1709. 47 2208. 08 2671. 61 3085. 46 3499. 74 1. 02 Average Monthly Tuition Charge Gross Monthly Tuition Income (based upon number of students.)The monthly income = # of Students* Average Monthly Charge Annual Fee per student (Minimum) Annual Fee- monthly Conversion (Annual Fee * # of students/12) Total Monthly Revenue (based upon number of students and monthly Tuition & Fees) 9, 428. 29 12, 065. 22 14, 493. 51 16, 330. 36 18, 168. 50 The Estimated Monthly Expenses are below Item Description Unit Expense # of Unit Expense (monthly) Unit Expense Number of Unit Expense (monthly) Unit Expense Number of Unit Expense (monthly) Unit Expense Number of Unit Expense (monthly) Principal Salary (includes Provident Fund contribution) 1 999. 41 999. 41 1 1, 019. 39 1, 019. 39 1 1, 039. 78 1, 039. 78 1 1, 060. 58 1, 060. 58 1 1, 081. 79 1, 081. 79 Primary Teachers Salary (includes Provident Fund contribution) 9 510. 63 4, 595. 66 9 520. 84 4, 687. 57 9 531. 26 4, 781. 32 9 541. 88 4, 876. 95 9 552. 72 4, 974. 49 Secondary Teachers Salary (includes Provident Fund contribution) 3 631. 04 1, 893. 12 4 643. 66 2, 574. 64 5 656. 53 3, 282. 67 6 669. 66 4, 017. 99 6 683. 06 4, 098. 35 Senior Secondary Teachers Salary

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(includes Provident Fund contribution) 0 833. 28 0. 00 0 849. 95 0. 00 0 866. 94 0. 00 1 884. 28 884. 28 2 901. 97 1, 803. 94 staff Salary (includes Provident Fund contribution) 5 271. 45 1, 357. 26 5 276. 88 1, 384. 40 5 282. 42 1, 412. 09 6 288. 07 1, 728. 40 7 293. 83 2, 056. 79 Utility (Electricity, Water, and others) 1 204. 08 204. 08 1 214. 29 214. 29 2 225. 00 450. 00 2 236. 25 472. 50 2 248. 06 496. 13 Other Expenses (Magazines, books) 1 61. 22 61. 22 1 64. 29 64. 29 2 67. 50 135. 00 2 70. 88 141. 75 2 74. 42 148. 84 Miscellaneous (supplies, etc.) 1 102. 04 102. 04 1 107. 14 107. 14 2 112. 50 225. 00 2 118. 13 236. 25 2 124. 03 248. 06 Car Maintenance 1 102. 04 102. 04 1 107. 14 107. 14 1 112. 50 112. 50 1 118. 13 118. 13 1 124. 03 124. 03 50 8. 16 408. 16 50 8. 57 428. 57 50 9. 00 450. 00 50 9. 45 472. 50 50 9. 92 496. 13 Building Maintenance, etc. 1 163. 27 163. 27 1 171. 43 171. 43 1 180. 00 180. 00 1 189. 00 189. 00 1 198. 45 198. 45 Incidental Expenses 1 204. 08 204. 08 1 214. 29 214. 29 1 225. 00 225. 00 1 236. 25 236. 25 1 248. 06 248. 06 Management And Administrative Expenses 3 510. 20 1, 530. 61 3 535. 71 1, 607. 14 3 562. 50 1, 687. 50 3 590. 63 1, 771. 88 3 620. 16 1, 860. 47 Computers Maintenance (50 computers-Lab) Total Expenses (Per Month) 11, 620. 95 12, 580. 30 13, 980. 86 16, 206. 45 17, 835. 52 Net Revenue (Per Month) -2, 192. 66 -515. 07 512. 64 123. 91 332. 98 -26, 311. 95 -6, 180. 89 6, 151. 71 1, 486. 94 3, 995. 75 Note: No taxes are levied on a nonprofit school if 10% of the students get free education. All salaries are based upon India's 6TH Pay Commission's salary recommendations. Net Annual Revenue in US \$ 30 31 Appendix B. Year 2010 Balance Sheet of Surya Bhan Trust 32 Appendix C. Delhi Public School, Kashi (Varanasi) Fee Structure 33 Appendix D. St. Patrick's Fee Schedule 34 Appendix E. Sunbeam Academy Fee Schedule 35 Appendix F. Salaries based upon the <https://assignbuster.com/business-plan-business-plan-samples-2/>

recommendation by the 6th Pay Commission (the most recent) of India T
eacher Salaries based upon the 6th Pay Commission (in Rupees) Teacher Pay
Band (salary band) Pay Band Salary Grade Salary (Pay)