



**Academic Resource**

**Business Concept  
Global Enterprise Experience  
2005**

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## **EXECUTIVE SUMMARY**

*Academic Resource helps companies approach new global markets by temporarily hiring local students in a different country to perform cost-efficient primary market research.*

Globalization is affecting businesses around the world. Faced with increasing competition from foreign firms and mature markets domestically, the fate of many SMEs lies abroad in foreign markets. For many SMEs entering foreign markets seems like a daunting task. They are faced with completely new cultures, business practices, etc. and usually have no contacts within the market to ease the entry process. Entering foreign markets is also an expensive proposition. The upfront market research costs to assess the feasibility of market entry are alone much too exorbitant for most SMEs.

Academic Resource looks to overcome this barrier by providing high-quality primary market research at an affordable price. Students have in-depth knowledge of the local market and are highly motivated to perform well in order to impress potential future employers. Academic Resource will select students who excel in their studies to ensure the quality of the work performed. This provides students with an opportunity to gain international experience and a method of financing their studies. By utilizing students to conduct primary market research, Academic Resource will be able to provide SMEs with affordable, tailor-made solutions, thereby increasing global trade.

### **HOW AND WHO?**

Academic Resource will secure partnerships with educational organizations around the globe (initially Canada, New Zealand, followed by the Philippines, Sweden and other countries) to promote our service within their schools. This will provide us with greater access to qualified students and also enhances our credibility when approaching prospective clients.

As a venture run by geographically and cultural diverse students, Academic Resource promotes unity through diversity. An online portal for International business students, Academic Resource will act as a forum for business students to share information and ideas about their countries while generating profit and providing a much-needed service to SMEs around the globe.

Academic Resource is founded by highly motivated students from around the world. We are confident that with the help of outside funding, our diverse skills will allow us to develop a

sustainable competitive advantage, generate significant profits and meet the needs of all stakeholders (investors, students, owners, and clients).

**FINANCE**

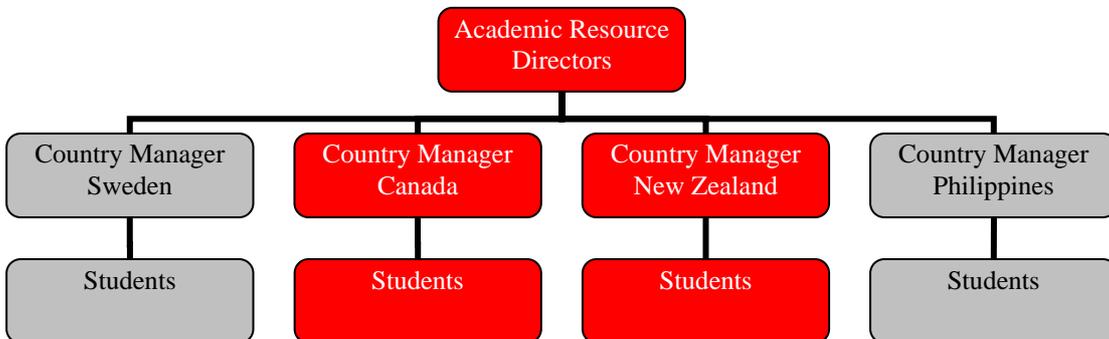
The total initial investment is 48,000 USD (see Appendix A – Financial Requirements). This covers the setup of our business in two countries, as well as the globally shared IT infrastructure. We expect the initial sales for each country to be around 29,400 USD the initial year (see Appendix B – Projected Income and Loss Statement). We reach break-even the first year. In the second year, we hope to increase sales with 145 % to 72,000 USD for each country, which makes total sales of 144,000 USD for the company, with a profit margin of 26 %. Future expansion will be organic, starting in Sweden and the Philippines. The founders will provide 15,000 USD of the initial investment, and we ask for 33,000 USD from investors.

**EXIT STRATEGIES**

For investors that want quicker payback on investment, this venture offers several exit strategies: Acquisition by another consultancies or manning company that see Academic Resource as a safe way to enter a new market and decrease competition. Re-sale of shares to the founders or other parties. In the long term, floatation on a public stock market through an IPO.

**ORGANIZATION AND MANAGEMENT**

Academic Resource is a transnational company with physical assets and management capabilities distributed internationally in each participating country. Offices are initially set up in Canada and New Zealand. The founders act as directors to manage the network, taking advantage of their complimentary skills in international business, finance, marketing, and information technology management. The team of directors will be responsible for all network management decisions.



Individual country managers will be in charge of daily operations locally. The managers will contract students and ensure the quality and consistency of projects undertaken for clients.

Additional expertise will be supplied on a consultancy basis from both university partners and other countries within the network.

Academic Resource uses a virtual network organization structure where finished project reports and experiences are stored in an internal knowledge database and distributed via an online IT system to all business units. All data about students, ongoing projects, time reporting, and customer relations are integrated with a web service for global access. The database ensures a continuous learning environment for all Academic Resource employees.

## **MARKETING STRATEGY**

### **TARGET MARKET**

Our target market will be SMEs (small and medium-sized enterprises) located in participating countries. We will define SMEs as organizations whose gross profits are less than 500,000 USD/year and who have fewer than 500 employees. We will focus our marketing efforts on companies who want to do business internationally, with no or limited prior exporting or international business experience.

### **SERVICE STRATEGY**

Academic Resource is a global network of students for hire. These students, contracted by Academic Resource, will conduct primary market research for SMEs interested in expanding into a particular country. These reports would focus on the following areas:

- Researching potential distributors for the company's product/service.
- Market research report on the consumer behaviour of the firm's potential target market.
- Socio-cultural reports of a particular country for businesses considering market entry options.

### **PRICE STRATEGY**

The price would vary for each report because they must be tailored to each business's particular needs and thus would require varying degrees of work. The price is based on how many hours the student works and the cost to hire a student an effective hour is 35 USD. The price would therefore vary from 500 USD for a listing and analysis of potential distributors to 5,000 USD for a complete market analysis including recommended marketing and market-entry strategies.

### **PROMOTION STRATEGY**

Key promotion programs include: attending business fairs and conferences (particularly ones focused on exporting) and advertising in business and trade magazines geared towards SMEs. Another cost-effective method would be word-of-mouth advertising through our professors.

Our business professors have contacts within the business world and are excellent judges of the quality of our work. This type of promotion would increase our credibility and overcome the quality of work concerns.

#### **DISTRIBUTION STRATEGY**

As a global-virtual enterprise, we will develop a website to act as the portal for our business and the link between our clients and the students who complete the reports.

#### **GRAPHICAL PROFILE**



The Academic Resource logo is part of the graphical profile of the company.

The easy-to-recognize symbol shows five circles each representing a student or a company spread out across the globe, and how they connect through communication and business to form a linked unit. It is painted on a warm red background as a seal of quality.

#### **ACTIVITY PLAN – MILESTONES**

There are a number of steps necessary to establish the Academic Resource venture:

- Conduct a market survey in a number of companies in the selected target segment to gather information on what kind of service they are looking for, which countries they are interested in hiring students in, etc.
- Incorporate the company in one selected country. Involve two experienced external board members. Get a bank account.
- Develop basic AcademicResource.com external web site.
- Market Academic Resource towards the chosen segments.
- Secure partnerships with educational organizations.
- Attract clients and build customer relations.
- Acquire IT solution for internal databases of student data, ongoing projects, time reporting, and customer relations (CRM/ERP) and integrate with the web service for global access. Set up accounting IT system (one system, separate book-keeping for each country).
- Appoint managers in each participating country.
- Rent office space with desk, computer, Internet, phone and printer in each country.
- Perform education of managers in sales, IT systems and HR practices.
- Establish contacts with selected students based on current projects.

## S.W.O.T ANALYSIS (GLOBAL)

### INTERNAL STRENGTHS

- Diverse international network of highly motivated business students.
- The students have extensive knowledge about their domestic markets.
- Low-cost, low overhead.
- Tailor-made market research on potential markets that is specifically adapted to meet their business' needs.
- Usage of Internet and databases to quickly communicate information and knowledge to students in all participating countries.
- When globally implemented: 24 hours / day service.

### INTERNAL WEAKNESSES

- Many businesses could be reluctant to outsource to a firm who uses students to perform research due to concerns over the quality work.
- Global-virtual nature of organization.
- It is difficult to communicate and establish trust among geographically and culturally diverse business units.
- Low initial brand awareness.
- Concept easy to copy.

### EXTERNAL OPPORTUNITIES

- Globalization of business leads to an increasing demand when the number of SMEs exporting their products or services overseas grows.
- Emerging markets like China and India. We are in a position to capitalize on this trend by providing companies with critical information for success in these markets.
- Several possible new related services: Holding courses, assembling knowledgebase data/reports and turn into e-learning products, helping clients employ students, etc.

### EXTERNAL THREATS

- Slowing global economy will affect demand for our service (AFX, 2005).
- Our firm will face competition from agencies who have established agencies with past experience
- Local law and rules.

## REFERENCES

### INTERNET

AFX, 2004, "*Global GDP growth to slow to 3.2 pct in 2005 vs 4.1 pct in 2004 – EIU report*", AFX.com, December 13, 2004.

[http://web.lexisnexis.com.rap.bibliocentre.ca/universe/document?\\_m=c31da6f24e8bc48fb8370e6a6b9b1da5&\\_docnum=3&wchp=dGLbV1b-zSkVb&\\_md5=1532862093c865444a2554dc39e7c54e](http://web.lexisnexis.com.rap.bibliocentre.ca/universe/document?_m=c31da6f24e8bc48fb8370e6a6b9b1da5&_docnum=3&wchp=dGLbV1b-zSkVb&_md5=1532862093c865444a2554dc39e7c54e) [accessed in Lexis-Nexis, April 28, 2005]

## APPENDICES

### APPENDIX A – FINANCIAL REQUIREMENTS – INITIAL INVESTMENT

<b>Investment</b>	NZ	Canada	Global
<i>Local offices</i>			
Computers, printer, phone	1500	1500	
Office furniture	250	250	
Office supplies	500	500	
Cash reserve (cost of three quarters)	18470	18470	
 <i>Global IT structure</i>			
ERP/CRM software			2000
Setup of IT systems			4500
 <i>Total investment</i>	 47940		

### APPENDIX B – PROJECTED INCOME AND LOSS STATEMENT (ONE COUNTRY)

USD

	<b>Year 1</b>				<b>Year 2</b>			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Revenues</b>								
Customers/quarter	2	6	8	12	12	14	16	18
Price/hour	35	35	35	35	40	40	40	40
Hours/customer	30	30	30	30	30	30	30	30
<i>Revenue</i>	<i>2100</i>	<i>6300</i>	<i>8400</i>	<i>12600</i>	<i>14400</i>	<i>16800</i>	<i>19200</i>	<i>21600</i>
<i>Annual revenue</i>				<i>29400</i>				<i>72000</i>
						Sales growth		144,9%
<b>Costs</b>								
Management labour	1730	1730	3460	3460	5190	5190	5190	5190
Crew labour	900	2700	3600	5400	5400	6300	7200	8100
Utilities	600	600	600	600	600	600	600	600
Rent	650	650	650	650	650	650	650	650
Other expenses	200	200	200	200	200	200	200	200
<i>Total costs</i>	<i>4080</i>	<i>5880</i>	<i>8510</i>	<i>10310</i>	<i>12040</i>	<i>12940</i>	<i>13840</i>	<i>14740</i>
<b>Result</b>								
<i>Annual result</i>	<i>-1980</i>	<i>420</i>	<i>-110</i>	<i>2290</i>	<i>2360</i>	<i>3860</i>	<i>5360</i>	<i>6860</i>
Profit margin				620				18440
				2,1%				26%
<b>Cost assumptions</b>								
Nr of managers	0,5	0,5	1	1	1,5	1,5	1,5	1,5
Manager salary/hour	20	20	20	20	20	20	20	20
Student salary/hour	15	15	15	15	15	15	15	15