

# **GEEBIZ Competition 2012**

## **Teaching Exchange Programs (TEP) in developing countries**



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## Executive Summary

This business plan analyses the market factors to determine the viability of a new business proposition named the Teaching Exchange Programs (TEP). The program aims to add value to exchange programs by allowing more interaction with the native essence of the country. This proposal will need to overcome competition from both similar organizations and individually organized exchanges. TEP is different to its competitors due to a cheaper cost and value adding experience. It features a basic on campus promotion marketing strategy with further opportunities opening up with a larger client base. Conservative estimates show that a healthy profit can be made without overcharging students or underpaying host families which aligns with the goal of providing mutual benefits to both developed and developing countries.

### 1 Business Concept

Teaching Exchange Programs (TEP) in developing countries provides students from all over the world an exciting opportunity to travel, to learn a foreign language, to experience a new culture and to volunteer as English teacher. We offer stays in *Bolivia, India, Tansania (Sansibar) and South-West China*. The aim is an intercultural exchange with local people and to avoid that exchange students spend their time abroad in language schools surrounded with people from their home countries. TEP programs run during the summer and winter semester breaks for at least 6 weeks up to 6 months.

#### ***Experience and Learning Issues***

TEP will work together with established schools and local teachers as well as local people living in poverty. The exchange program contains three parts:

- Learning a foreign language
- Teaching English
- Introduction in foreign cultures

The exchange students will stay at a hosting family. The adult member of the family are hired to introduce the students to local habits, cook special traditional meals, organize traditional feasts and show them around in the local area primarily during the weekends. Food is included and TEP will make sure that the host family provides at least one warm meal per day. The quality of the housings will be modest but comfortable as our organization will provide a feedback-system and terminate the contracts with the locals if they don't achieve the required standards of care they are paid for. The students will have an insight in their day-to-day life and explore the challenges facing people in developing countries.

During the week, TEP offers language courses. Exchange students will attend small-group classes and will be taught in the basic skills of Spanish, Arabian, Hindi and Chinese. In a nowadays globalized business world, basic skills in these languages can be the key to successful international relationships.

#### ***Commitment as English Teacher***

The program includes a teaching element. The exchange students will teach children from elementary school to adults, with class sizes of 15 to 20. The locals in the partner countries of TEP do not have the

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possibility to attend invaluable English classes and will profit from the graduate English lessons offered by our exchange students. Teaching English in South America, India, Africa and China will increase the number of opportunities for young local people who live under poor circumstances.

### ***Mutual benefit***

TEP guarantees exchange students an exciting and fascinating stay in remote places of the world with an intense cultural exchange and guaranteed social contact with well chosen local people. They will profit from language skills and a greater understanding of a foreign way of life. As a teacher of disadvantaged children the students will experience the enjoyment and thankfulness of their pupils. Furthermore, through teaching experience the students can gain important skills for their career such as self-confidence, leadership and communication capabilities. Last but not least, a stay abroad and the engagement as teacher on their CV increase chances in the job market.

Local schools will benefit as they don't have to pay the exchange students for their engagement. As the salary of western exchange student exceeds that of local teachers, they will profit from the arrangement and provide language lessons for exchange students. Local people will be hired to provide housing and entertainment.

The aim of TEP is to start with four locations and grow in the long run by utilising profits. The cooperation with local schools and residents of developing countries enables prices for the exchange programs to be set at a lower level than the competitors in the student-exchange market but also high enough to outweigh the costs of our efforts.

## **2 Goals and Objectives**

Teaching exchange program's main objective is to become an organization that improve the learning process of students all over the world through exchanges to foreign countries, and bring together people and organizations from developed and developing countries.

### **2.1 Social Goals**

- To help developing countries with their literacy process, teaching kids with lower resources and giving them access to different languages and knowledge.
- To facilitate the understanding of different cultures and supporting the preservation of customs and traditions.
- To provide expertise in multiculturalism and to help young people to improve their learning of foreign languages.
- To bring progress to developing countries through students with the knowledge and willingness to share it.
- To decrease unemployment in countries with lower levels of income, creating jobs in areas where people cannot access higher education.

## 2.2 Environmental Goals

- To help organizations advocating environmental conservation through the exchange of knowledge.
- To promote sustainable development among children, youth and adults from different countries and teach them to maintain a healthy environment.
- To help fund projects for the protection of the environment and climate change with human labor from different countries, races, genders, etc.

## 2.3 Financial Goals

- To generate profits in order to expand the business' base into new countries as it becomes more successful.
- To give the opportunity for lower income families to get profits from hosting the exchange students and showing them their cultures and ways of living.
- To become sustainable, having enough profits to pay human labor from the Teaching Exchange Program and to finance the learning process of every student included in the project.
- In the long term be able to offer high quality exchange programs with the ability to finance exchange programs for people without access to a high quality of education.

## 2.4 Market Analysis

### 2.5 Target market

TEP will be working with two types of markets.

1. Students between the ages 18- 25, that are currently enrolled in university and will be the ones travelling abroad.



2. Children and adolescents of all ages with low resources who would benefit from the English expertise of the exchange student.

We decided to go with the first market because we believe this market has a

lot of potential to learn from the enrichment experience TEP will offer them, hence gaining the maturity to travel alone abroad with a full understanding of the experience. This is an easy market to engage nowadays as it is very important to have cultural enrichment and exchange experience which gives experience to students' personal life and adds value to a student's CV once they graduate.



In order for a student to fit the target market, TEP requires them to pass through a series of interviews and analysis performed by a member of TEP who would evaluate if they have the potential to be a TEP member. Here are a few of the characteristics an applicant should have.

- Young people –students enrolled in the university between the ages 18-25
- Youth interested in world issues
- Enjoy challenges
- Open minded active learners
- Those with an interest in leadership development
- Passionate and determined
- Those looking for learning and development opportunities

Our second market is children and adolescents with a lack of resources. We pick this market because we believe children are the future of tomorrow and having a quality education is a right every human being should have. It has become a worldwide issue that more and more children don't have resources to learn for free. TEP wants to identify and understand children who are at-risk and support their growth and development through teaching experiences, where both the teacher and the student would gain immensely.

## 2.6 Competitors

TEPs competitors are other organizations that offer similar experiences to our target market. They may be slightly or even very similar to us, based on what they offer. These include organizations offering work abroad opportunities, volunteer abroad opportunities, cultural experiences, skills development and networks. In this case there are hundreds of these organizations but we will be focusing on AIESEC, our top competitor.



## 2.7 Competitive Advantage

As mentioned before our top competitor is AIESEC. AIESEC is our largest competitor and is the world's largest student-run organization. Focused on providing a platform for youth leadership development, AIESEC provides a platform for young leadership development. It offers students the opportunity to be global citizens, to change the world and to get experience and skills that matter today. Quantitatively, let's take a closer look at the advantages AIESEC provides to its members.

### ***AIESEC in Numbers***

- **60** years of experience
- **60.000** Members
- **110** Countries and territories
- **730** Local Offices
- **2,100** Universities
- **16.000** International Internships
- **4.000** Partners/sponsors

According to the AIESEC website these are the advantages provided to its members:

“Each year, we provide over 60,000 AIESEC members the challenging opportunity to live and work in a foreign country in areas of management, technology, education, and development...”

“To increase youth impact in the world, we see that society needs leaders who are entrepreneurial, culturally sensitive, and socially responsible and take an active part in their own learning... Learn how to lead a team, manage large projects and run a local or national organization along with people all over the world!”

It is important that TEP doesn't fully compare itself to AIESEC especially looking at its outstanding figures. AIESEC has been around for a long time now and TEP is just starting. Despite being very similar to AIESEC, TEP would have several advantages by covering and improving AIESECs flaws of which it has several.

## **2.8 Risks and Barriers**

There are several potential risks and barriers TEP members may have. TEP is sure to work and learn from its mistakes such that none of the following occur:

- Students can't pay for the program
- Students won't adapt to the culture and would have a difficult time living there
- Students can encounter dangerous situations outside their host family or outside their work
- Catch a diseases or illnesses that exist in the host country
- Travel/traffic accidents
- Use and abuse of drugs or alcohol
- Trouble understanding the dress code of the country

## **3 Marketing Strategy**

Our marketing concept is based on a website. Through the internet we can reach a wide range of international students who can join TEP easily per mouse click.

Our strategy is based on three pillars:

- Travel to a foreign country
- Experience traditional Lifestyle
- Teach English in a local school

Students that are part of the program would benefit in 3 areas:

- Education
- Personal
- Long-Term

Our website contains information about our current destinations, the prices, seasons and the types of schools we work with. Furthermore, there are experience reports of former exchange students and also a link to become part of TEP as an engaged member.



Teaching Exchange Programs (TEP)

Home About TEP Experience Reports Faculty & Staff News & Events



## TEP - Teaching Exchange Programs

Teaching Exchange Programs (TEP) in developing countries provides students from all over the world an exciting opportunity to travel, to learn an exotic language, to experience a foreign culture and to volunteer as English teacher.

Your Destination >>

Prices >>

Select Date>>

Tyes of schools >>

Engage with TEP >>

- Contact
- About us
- News articles
- Impression



Join TEP now >>

YOUR BENEFITS: Education >> Personal >> Long-Term >>



Interested international students should be aware of the benefits of our exchange program for their future life and career. Therefore, we defined a number of skills the participants of TEP will gain during their stay as teacher in a developing country.

### **Education**

- The target market needs to understand that they won't be tourist in the host country but more like a member of that community, where the student will learn much about the culture.
- Language acquisition is achieved through everyday engagement with other natives and through everyday work with children.
- Awareness and adoption in their everyday life. Students should be open minded about where they would be staying and working.
- Analytical and problem solving skills.
- Enhanced interest in global issues as well as the acquisition of a broader general knowledge.

### **Personal**

- Self-development and awareness leading to enhanced self-confidence and self-esteem. This would be a noticeable change in the TEP program. Students will gain this attribute because they would be faced with everyday changes where they would have to make quick decisions and take leading rolls.
- Maturity and social poise which is fuelled by the necessity to confront challenges outside a familiar support network and comfort zone. Understanding and comprehending the new culture.
- Integration into a host family as well as the development of life-long friendships, fostering an appreciation of home and family.
- Having a reward of teaching a language and a new culture to financially disadvantaged children which they otherwise would never have had the opportunity to learn. Getting back a bunch of happy smiles and satisfied children.

### **Long-Term**

- Students who will be part of the TEP program will find themselves more comfortable in 'foreign' environments.
- Prospective employers in almost every field look favorably upon experience gained while living overseas, knowledge obtained of another language and culture and doing social work.
- Increased pressure to communicate and relate to others develops an awareness of group dynamics and personal sensitivity towards others.
- Successful program completion represents an excellent measure of personal flexibility, encompassing an ability to reach compromise, focus and succeed through challenging times.

## 4 Finances

Teaching Exchange Programs will source its main revenue from students. Students participating in the exchange will pay a lump sum payment which covers all aspects of their travel such as obtaining a visa and airfares. The main expenses are the payments to the host family and the cost of arranging the students travel and visa. This is illustrated, for a typical 6 month trip to India, in the table below:

Lump sum from student	\$6,000
Airfares	-\$2,000
Visa	-\$200
Payment to host family	-\$1,000
Airport pickup	-\$30
Basic Hindi course	-\$100
<b>Total Profit</b>	<b>\$2,670</b>

This model provides an overhead for airfares and costs to host families to allow a conservative estimate. Due to the lower cost of living and bulk arrangements, TEP can offer an exchange for a semester for a much cheaper price than individual exchanges which will help build a customer base.

This estimate allows a financial forecast to be formed:

Year	Revenue	Students	Expenses	Gross Profit	Income
2013	\$600,000	100	-\$333,000	\$267,000	\$186,900.0
2014	\$1,800,000	300	-\$999,000	\$801,000	\$560,700.0
2015	\$3,600,000	600	-\$1,998,000	\$1,602,000	\$1,121,400.0

This forecast assumes the fixed costs paid to employees of the TEP amount to 30% of gross profit. An estimate of the students using TEP is also included. Given the much cheaper price of the exchange in comparison to its competitors, this estimate can be considered to be conservative.

Reviewing this forecast illustrates that TEP will be financially sound with the income being able to supplement advertising to further increase the benefit which the program provides to society. The business will also provide a strong return on investor's equity which will allow it to further expand its base into new countries as it becomes more successful.

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