A BUSINESS PLAN FOR A WEB-BASED COMPANY

AND

HOW SMALL BUSINESSES SUCCEED

By

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The goal of many entrepreneurs is to create a company that can be sold for a profit. The problem is that thousands of start-up companies fail. "Nearly 100,000 American businesses fail every year- an average of nearly 2,000 in any given week" (Kwestel, Preston, and Plaster 7). A variety of techniques can ensure success, the most popular being the business plan. The plan is used to create a strategic framework for a start-up company so they have a roadmap to see what resources are needed to begin operations, and where the company should be in the upcoming years. This thesis focuses on a business plan created for an Internet company. EPS, Educational Placement Services, is a website where teachers can search for job openings from various school districts. The thesis then goes on to discuss what characteristics are necessary for success in a start-up, entreprenuerial business.

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Executive Summary

Educational Placement Services is committed to connecting schools with qualified teachers. Our goal is to make the process of locating a teacher more efficient and easier for both the schools and the teachers. By utilizing the Internet, EPS will post job listings for school districts across the state of California, with expansion into Oregon, Washington and Nevada. EPS will be the informational gatekeeper for the education market.

According to the California Department of Education, the enrollment growth rate for the entire K-12 education system will be 10% larger by the 2005-2006 school year than it is today. Federal law and California State Legislature are forcing California School districts to decrease the student-teacher ratio through the allocation of funds. In addition to these facts, higher education systems are graduating an increasing number of education majors with teaching certifications. Most schools and teachers are using traditional forms of job posting and searching. So how will future teachers learn about the positions they are looking for? Other markets are beginning to use the Internet for these functions, but the education system has yet to develop an effective method for connecting teachers with jobs via the Internet.

The opportunity that EPS has identified is present because of the few existing competitors that have not fully capitalized on the market. EDNET, the largest competitor identified, is only working with 1.7% of the market and the services they provide hardly touch the surface of what educators want. Currently, EDNET has only 130 school positions posted, they are profitable, their emphasis is on Southern California, and they receive 350 to 600 hits a day.

EPS will separate itself from its competitors by building an ongoing relationship with school districts and universities to increase visibility and to create a free flow of information.

In collaboration with school districts, we will create an online application system that will allow school recruiters to pull out the information they deem essential. This will create efficient job searches; as well as save school districts money. Our site will also generate value for the position seekers by providing a job search engine, a calendar of upcoming job fairs, tips and helpful hints for locating the perfect job, and useful links such as associations, unions, and state certification requirements.

A strong asset to EPS is the founding management team of William Terrill, Karen Gathercole, and David Barwick. All three individuals are strong entrepreneurs, and graduates of the University of Oregon. Each partner possesses skills that compliment each other, and working together as a group is our strong point. Mr. Barwick is a visionary; Mrs. Gathercole and Mr. Terrill are doers. This combination allows for fresh, exciting ideas executed in complete detail.

EPS will receive its revenue by charging school districts for the services they provide, and by collecting advertising revenue from education related companies. Because EPS is a web-based business, operating expenses will be generally lower than traditional employment agencies. The bulk of EPS' expenses will be in marketing their services and maintaining the Web site. In year two, marketing expenses will account for approximately 71% of the total expenses. EPS is projecting combined start-up fees and first year operation expenses to be $795,600. Second year expenses will be a projected $1,049,200. EPS needs $1,844,800 to continue research, become operational, and sustain the business for two years.

Introduction

The stressed teacher was actively searching for a job position within the Western United States. The hurdle: "Where does a teacher go to find out what schools are hiring?"

The answer, Educational Placement Services, an online, job search site for teachers. Within EPS the teacher can find listings of job openings as well as descriptions of available positions. We have developed a universal, online application that will allow for a fast and efficient application process. Clear hyper-links to relevant information for teachers will range from location descriptions to cost of living to local realtors. EPS will incorporate advertisements ranging from Apple Computers to discounts on supplies from Office Depot for educators. EPS is an informational Web site with personal service to help the teachers and school districts come together.

Company Overview

EPS, Educational Placement Services, is a new company that will cover California, Nevada, Washington, and Oregon. We will be headquartered in Los Angeles. EPS will begin service in California and expand to the other Western states within a year. EPS will be a Corporation so the founding partners will avoid any personal liability with the company. EPS also plans to make an initial public offering of stock as a growth strategy, which requires us to be a registered corporation. EPS' vision is on the simplistic side; we would like to earn a profit while providing a valuable service to the education system. We firmly believe that creating an easy process that connects the best pool of qualified teachers with schools trying to fill positions will result in a stronger education system. EPS has not explored the possibility of expanding nationally, although that is a definite option in our growth strategy. EPS realizes that education is the key to the future of our nation. We believe that EPS can make it easier for schools to contact and hire qualified teachers in an easy, reliable manner that will reduce the amount of resources required to fill a position.

EPS will use the latest technology, the Internet, to make the selection process easier for both schools and teachers by maneuvering EPS into an informational gatekeeper position. We collect information on openings from the school districts and manage that information so educators on the other side will get the most relevant information. Teachers will be aware of the job openings in their geographic area of interest and schools will be able to reach a wider audience for a nominal posting fee. The school districts will be able to tailor their applications as they can select a variety of key questions from a list, which will aid them in hiring the best candidates. This will result in a list of roughly 20 questions from which the applicant will answer when they access the universal online application, which can be sent to the school(s) of their choice. The application will decrease the amount of time the teacher spends calling districts for job listings, visiting each district, and filling out separate applications. EPS will help the schools by presenting a more diverse set of information from which to make decisions before setting up interviews, as well as decreasing the amount of time spent head-hunting for potential employees. A description of our objective follows:

> Our goal at EPS is to begin service by June 2000, and by January 2001 we will expand from California into Washington, Oregon and Nevada. The ultimate objective is to link all West Coast public school districts together so comprehensive job searches can be performed.

Our exit strategy is to package EPS and sell its database to a larger job placement firm. A consideration is to market the firm to HotJobs.com and Monster.com, where the educational side of our company would be a subsection of these larger employment search engines.

Mission Statement

EPS will strive to be an educator's primary source when looking for employment information. At EPS we are dedicated to providing teachers and administrators with the resources necessary to locate and secure a desirable position from an interactive Internet Web site. EPS promises to offer a service-oriented, friendly atmosphere where any teacher or administrator in search of employment can access a large database of listings for West Coast schools more efficiently and effectively than from any other single source.

Industry and Market Analysis

EPS will address the cumbersome process that occurs between teachers looking for positions and school districts looking for qualified teachers. Under the current structure a teacher must visit each separate district to look for job postings and apply. EPS will create a Web site that will link the states and districts together so teachers can look at complete postings and use our universal, online application to apply only once for the postings of their choice. Our first area of operation is California because they are experiencing a teacher shortage. There are too many students, and not enough teachers. Currently, the California public school system has 284,030 teachers. In 1998, 12,817 teachers were hired. In 1999, 22547 were hired. This was an increase of 43%, which shows an incredible amount of growth. Over the next five years, student enrollment will increase over 10%, so EPS knows the growth in hiring will continue (California State Board of Education).

Our target customers are in two different areas, teachers looking for jobs and school districts looking for teachers. EPS wants to give our customers easy access to our services through a clear, concise web page that is easy to search and understand.

Barriers to our success are located in our competitors that are currently offering similar services. Another barrier is that EPS must make enough revenue from advertisements and filing fees to cover the expense of maintaining a large website.

Competitor Analysis

K-12jobs.com http://www.k-12jobs.com

K-12jobs.com concentrates on posting career opportunities from Kindergarten through High School and Vocational Schools. Each job posting has information including the school's name, location, deadline, salary, contact information, email and Web addresses. Over 3 thousand jobs were posted last year by hundreds of registered schools. This competitor has a well-organized Web site with links to job fairs, job searches, certifications, and associations. No registration or passwords are required and access to job searches, fairs and resources are free.

K-12jobs.com Pricing Schedule:

- Up to ten ads during the registered year for one flat fee of $190.00. Each ad will appear for five weeks and can be placed at any time during the year, as job positions become available. They are currently offering five additional free job postings for signing 1-year contract
- UNLIMITED Job Postings: For $390 per year, your school can register and post all teaching, administrative and classified job vacancies available during the year. (Regular rate is $390 for up to 30-job postings/yr.)

Schooljobs.com http://www.schooljobs.com

Schooljobs.com is relatively new, nationwide competitor. As of March 2000, their site only had 17 postings, none of which were in the West. They allow potential teachers to search for open positions and post their resumes for free. The schools and districts have to pay a fee to access the résumés and to post their job openings. Membership fees for the schools are extremely expensive.

Schooljobs.com Pricing Schedule:

- Non-members can make a 30-day listing for $105.
- Members pay $1000 for membership, which entitles them to unlimited access to schooljobs.com Web site, an unlimited number of job listings, personalized listings for as long as necessary, and access to schooljobs.com resume database.

Educator's Network **http://www.school-jobs.com**

Educator's Network *(EDNET)* is a Web site that provides a way to find jobs in public and private schools throughout California. They will soon be expanding nationwide. EDNET is proud that they do not display any advertising banners and claims this will only slow-down and detract from a job search. EDNET is free to anyone seeking a job and may be accessed without limitations. EDNET positions are posted as single line entries without clear descriptions and no search engine. The only links on their Web site lead to school districts in California and a small number of districts outside the state. They also provide a short list of local upcoming job fairs. EDNET has a variety of services in addition to postings that are offered for a fee. These services are getting a Job in Education: Tip and Checklist ($5), Winning Cover Letter Templates ($2.50), Resume Analysis and Feedback ($15), School

District/Community Analysis ($50), and Customized Position Watch ($15/month). EDNET also posts a list of upcoming career fairs held by school districts and universities. According to an email response from their director, they currently have 130 positions and are profitable.

EDNET Pricing Schedule for Schools:

- One Posting = $20.00 per month
- Two to Five Postings = $15.00 per posting/per month
- Six to Ten Postings = $12.00 per posting/per month
- Unlimited Postings for one month = $60.00
- Unlimited Postings for three months = $135.00
- Unlimited Postings for six months = $250.00
- Unlimited Postings for one year = $400.00
- Link to Your Own Job Posting Page = $100.00 per year
- Basic District Link = $75.00 per year

Educational Job Search **http://www.ejsinc.com**

This site advertises school district vacancies in the Pacific Northwest, including Alaska. Their services offer large display type ads, a free link from your ad to your school's home page, and free email links. Educational Jon Search also provides personalized service to each school or district to make sure your ads suit your needs. School districts are supplied with a home site containing their name and address, plus the name of the Superintendent and up to six lines to describe the school system and city where it is located. Teachers searching for employment opportunities have free access to job listings. They currently have only five postings and lack any useful links.

Educational Job Search Pricing Schedule:

- PLAN A: for small schools: $25.00 per ad per calendar month
- PLAN B: in anticipating of more vacancies: $100.00 per month for up to six vacancy ads
- PLAN C: for large school districts or Education Service Districts anticipating a large turnover: $500.00 for three consecutive months of unlimited advertising

Indirect Competitors

We have identified 5 indirect competitors for our target market: traditional employment agencies, career fairs, newspapers, word of mouth, and broad market Internet employment agencies. Traditional employment agencies have the advantage of credibility, experience, and brand recognition. The disadvantage is that they are a lot more expensive than the alternative we are offering. Another disadvantage is their lack of specialization in one marketplace.

Career fairs have a variety of advantages. They offer a medium for personal contact, as well ass free advertising and publicity at universities. However, career fairs also have large disadvantages that range from geographical limitation to high travel expenses for going to various universities around the country.

Newspapers are another indirect competitor. They have a large circulation base and the classified ads are a common place for potential employees to look for jobs. However, newspapers have a limited audience and are fairly expensive for employers to use. Ads must be placed at least five to seven times before they are noticed, which quickly drives up the cost of print advertising.

Word of mouth is both a threat and an opportunity. It poses as a threat because it is an inexpensive indirect competitor. But as an opportunity, word of mouth is a powerful tool because it promotes our product through an informal network. A disadvantage arises in its unreliability; it can easily range from positive to negative publicity.

Broad Internet employment agencies like Monster.com and Hotjobs.com are both well known, have extensive Web sites, and have great financial backing. Their disadvantages are that they are not experts in the education industry and they are more expensive for the user than EPS. These employment agencies provide services across all industries and have not developed into specific niche markets, like the education industry. Monster.com charges $275 for a 60-day posting while Hotjobs.com charges $195 for a 30-day posting.

Product Strategy

To serve the target market that we have identified EPS will create a Web site first in California, then expanding into Nevada, Washington, and Oregon. The purpose of this Web site is to be the information gatekeeper between teachers and school districts. EPS will help teachers locate the "right" job, and help school districts find the "right" teacher. In developing our Web site, we have identified the following criteria:

- It must be easy to locate
- It must be easy to use
- It must be all inclusive

EPS' goal is to bring users to our site and allow them to perform all of the tasks involved in applying for a job. Our Web site must fill the above requirements if we expect to meet the customers' needs and increase our customer base through referrals and repeat users. To fill the above listed requirements, EPS has developed a product plan that will over shadow our competitors and increase our market share. EPS' Web site will include searchable job postings with descriptions, a universal application system, school district information, industry links, and relevant advertising.

When entering our Web site the user will have a unique experience. First, they might enter through a query for a job search. This could be a name of a city, a subject they would like to teach, or other criteria that resembles a key word search. Next, the user will find a listing of job openings that are related to their job search criteria. They may search within these listings and choose postings they are interested in. From here, they might research the school district in which the job is located. Through this research the user can get demographic information on the school, its students and its teachers. In addition, they will find neighborhood information such as cost of living, housing options, and local businesses. The user may apply for any number of jobs by using our Universal Application. A characteristic of this application is found in the customization of the questions, which are set to the specifications of each school district. The application will have pull down tabs where the teacher can choose a variety of answers and choices that have been specified by the district. The information that is collected will be emailed to recruiters at user specified school districts, upon which the hiring process is handed over to the individual schools.

EPS will be easy to locate; easy to use, and will perform all the tasks a job applicant might want. By providing a wide variety of options, EPS will generate a large amount of

users in a short amount of time. Our main growth strategy of expanding into all Western States will add to this increase, which will lead to additional advertising and job listings. The goal is to get teachers and school districts to turn to EPS first when they are looking to fill a school position.

Pricing Strategy

Due to the wide range of services we will off EPS feels we can command a premium price. We will charge the school districts to post their job openings and advertisers to place banner ads. The districts will be charged over the teachers because our service ultimately helps the district by reducing their time spent recruiting. The majority of our competitors are charging the districts, so EPS felt it should stick with that model. Banner Ad fees will depend on the location and size of the ad. If the banner is placed on the home page, where the majority of hits are received, they will be charged more than an ad placed three steps into the site. Our fee schedule for the districts and banner ads is:

- ***School Districts***
- $30 per posting per month
- $100 - 4 postings for one month. $20 for each additional posting
- ***Web Banner Advertisements***
- A Range of $50-$1,500 for three months, depends on placement and size

Our revenue will come from the postings and advertisements. Our expenses will be related to operational items, with the heaviest portion of them in the start-up fees of the web site. According to ContiNet, a Eugene based Internet Service Provider, the initial fee for creating a web site of our expectations will be around $60,000. The cost of the employees,

maintaining our site, marketing and travel expenses will make up the rest of the cash requirements.

A detailed financial summary is located in APPENDIX C

Marketing Strategy

Marketing EPS' service is key to the success of the company. We feel EPS is superior to any existing competitor in the market and we want our customers to feel the same way. Our Web site will allow users to go through the entire job search process in a few easy steps. This will make finding or changing jobs in the education industry easier than ever. Due to the wide range of services, EPS will command a higher price than that of its competitors. People seeking jobs are flocking to the Internet for its centralization, and ease of use. Our customers will know where to find us at all times, and can perform functions of the job search process that they were not able to do some years ago. EPS has made the job search process more efficient; school districts can hire the right person in a short amount of time using the EPS Web site. The quality and variety of applications our product offers is one of our strongest marketing tools.

The goal of EPS' marketing strategy is to embed EPS in the minds of its clients (school districts) and users (teachers, current and incoming). We want the decision-makers at school districts, such as the HR department, to immediately think of EPS when it's time to staff a position. When a student is preparing to graduate from college with a teaching certificate, they will immediately think to use EPS' services to secure a teaching position. When a currently employed teacher begins to consider changing positions, they will go to EPS to find a solution. EPS will be a "household" name in the education industry.

EPS has identified three target audiences for our marketing strategy. The majority of our marketing efforts will focus on incoming teachers, current teachers, and school districts. Each will benefit from other marketing efforts, which will concentrate on informing them of what EPS offers. Below we have outlined the marketing techniques EPS will use to accomplish the goals outlined within our strategy:

- *In-school seminars* - These seminars will be held in K-12 schools and in secondary schools. The seminars will serve to educate teachers of the job market in the education industry. The seminars may not generate direct sales, but they will advertise our name, which will build strong name recognition and good will for EPS.
- *Trade Show Presence* - Trade shows are often the first place schools go to increase their competitive position in relation to the other schools or fill new openings. Trade shows cut to the chase and allow companies to display their product or service directly to their market. A presence here will allow EPS to attack our target market in a localized location and let them compare our superior service to our competitors.
- *Career Fair Presence* - This allows EPS to directly contact one of our market segments. In most cases career fairs are the first place students turn to in the hunt for a job. A presence at these fairs allows EPS to focus on students that are looking for teaching jobs. We will be able to serve these students on the spot, but also inform and direct them to our Web site where they can use the full range of our services at their convenience.
- *Advertise in Trade Publications* - As with our presence in trade shows, this allows EPS to get directly to all three segments of our market. This will be the only form of traditional media we will use. We know it is costly, but the benefits we will receive will outweigh

its costs. Advertising in this medium not only gets to the school districts, but also to current teachers and educational programs at universities.

- *Alliance with Unions* - This will increase the good faith of our company. The unions hole a lot of power in the education industry, and allying with them will only strengthen our hold on the market. In Oregon nearly 99% of all teachers are members of the union, and the same can be said of the other Western states. By teaming up with the union we also get access to their members. Options here include mutual Web advertising, purchasing of mailing lists, and use of other communication avenues that will allow access to the schools.
- *Sponsorship of K-12 activities* - This marketing tactic won't produce direct sales, but it will strengthen the EPS name amongst the audience we want to view it the most: teachers and school districts. In addition to name recognition, sponsorships in the schools will add to the good will of our company and allow us to build relationships with the schools. Some sponsorship possibilities include sports teams, thespian clubs, and teacher appreciation day.
- *Logo Paraphernalia* - an expensive option, but one that will continue to increase the awareness of the EPS name. Logo items such as pens, coffee mugs, and post-it note pads will be distributed throughout the K-12 system, and to education departments in universities. The idea is to bombard the system with our logo. Every teacher should have an EPS pen at his or her desk. It is said that a company must put their name in front of a customer seven times before they remember it, we plan on our customers seeing our logo seven times a day. This daily reminder will permanently imprint EPS into our customers' minds.

- *Direct Sales to School Districts* - This is one of the most important aspects of our marketing plan. We must collect the job postings from schools in order to maintain our Web site. We feel this is done best by thorough personal presentations to the school districts. We will do this in two ways, the first being direct mailings. EPS will mail a brochure introducing our company and explaining our services to decision-makers within school districts. The brochure will display our Web site address, and phone number so that they might contact us in the form they are most comfortable with. We will visit the schools personally to meet with the decision-makers and discuss with them on how EPS can meet their needs. This is an expensive marketing method, but we feel it is money well spent.

A proper mix of marketing techniques is necessary to the success of any business. Our strategy is to imprint EPS into the minds of school districts and teachers. The marketing mix we have outlined is exactly what it takes to reach our customers. If all of these steps are implemented properly, EPS will make its way to the number one spot in its field. Customers will naturally think EPS any time they have staffing issues.

Management

- *Karen Gathercole (Partner)*- Karen is an honors student graduating with a specialty in entrepreneurship. She is a doer, always behind the scenes making sure everything gets done on time and is done well. Karen has a strong mix of analytical, personal and critical thinking skills that is not often found in someone right out of college. She is a natural leader, volunteering to take a leadership role and always available to pick up

the slack. Karen can calm any tense situation and motivate a team to keep pushing forward. She loves to dive in and solve problems, and her ability to move within different groups of people is aspiring. Karen brings a variety of skills necessary to keep a team moving forward and motivated in what they are doing.

- *David Barwick (Partner)*- David is an energetic problem solver. With a background in outside sales, he brings invaluable experience in overcoming situations that do not go according to the master plan. Often while others are focusing on the current problems, David is already working on several possible solutions. He is also a strong leader. He knows how to utilize the skills of his team members to capture their full potential. An entrepreneur from a very early age, David is comfortable with the "road less traveled" and is not afraid to ignore long-standing barriers if they are in the way of forward progress.
- *William Terrill (Partner)*- Bill is a committed achiever. His interpersonal communication skills gained through sales experience gives him the ability to anticipate and satisfy customer needs. William is a proven team player both in the classroom and on the rugby field. His competitive nature and internal motivation ensure success.

Board of Advisors

EPS is fortunate to have an extremely experienced board of advisors that will help with strategic planning and direct the company in how to attain our objectives. This board is comprised of a group of highly qualified individuals that we can turn to for advice and

direction. Each member is hand picked by the partners of the team and there will be a member from every state that EPS will operate in. The goal of the board is to create a network of advisors that know the current structure of the education industry, its trends, and will help EPS gain invaluable access to inner core of the industry. Our Board of Advisors provides EPS with industry insight and a window to enter the informal education network. The Board will be thanked for their service through profit sharing plans and stock options when the company makes its initial public offering.

A complete description of each member and their experience is located in APPENDIX A.

Operations

Everything related to marketing, personnel, and customer service will be in-house. Four full-time employees, whose duties will range from secretarial to holding seminars at local schools, will run everything from the Los Angeles. The web site will be outsourced to a local Internet Service Provider. The ISP will be responsible for uploading all data to the site, keeping the site running, and any necessary maintenance. EPS will outsource the Web site design to take advantage of the expertise of experienced programmers.

EPS' headquarters will be located in Los Angeles, CA in order to remain at a close proximity to our primary demand area. Since we are offering friendly and personal service, we will need to make the initial contact with schools and school districts in person. The Los Angeles office will be open Monday- Friday, from 8am to 5pm. The office will be equipped with the standard amenities and business machinery: fax, computers, phone, Internet access, copy machines, and a boardroom for meetings. To incorporate the other western states into the company there will be links located on the website that will lead to them.

There are three founding partners within EPS and four employees within the company. Two will be sales representatives, who will work on bringing advertisements to the Web site. Another employee will be the marketing representative, and focus on getting EPS' name out to our customers. The final employee will be our accountant, who will also act as secretary/receptionist. The partners will float around each position, oversee all operations, and act as liaisons between teachers, schools, and the ISP.

Rather than organize a Board of Directors, each partner will communicate weekly on how EPS is performing and how future goals are being attained. Monthly meetings will be held within the office and every two months the partners will report to the Board of Advisors at organizational meetings. We have chosen to utilize a circular organizational structure. This structure facilitates a free flow of information and communication throughout the organization. It emphasizes that all employees will be able to assist any of our customers. While employees have an area of expertise, each employee will be able to answer general questions about our product.

Each employee will be required to have a College degree as well as previous experience in their fields of specialty. They will be compensated with an annual salary commensurate with their level of experience and job function. Administrative positions will be filled from placement agencies in order to reduce our overhead while allowing them to obtain benefits. Partners will be compensated based on sales performance and quarterly profit levels.

A detailed description of each position and its duties can be found in Appendix B.

APPENDIX A
BOARD OF ADVISORS

Bradford Flannery

- Superintendent- Paisely High School, Oregon
- Superintendent Endorsement in Educational Administration- Lewis and Clark College, Oregon
- Masters in Education- Southern Oregon State College

Qualifications:

- ✓ 31 years teaching experience
- ✓ 4 yrs. Principal/ Superintendent experience
- ✓ Extensive knowledge of Oregon schools and how the districts operate
- ✓ Access to large network of teachers and administrators within Oregon

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Mari-Anne Cover

- High School Math Teacher -Cimmarron High School, Nevada
- Graduated with Bachelor of Science and Masters Degree in Mathematics- San Diego State and University of Texas at Dallas

Qualifications:

- ✓ 20 years teaching experience in private and public sector
- ✓ Has been located in Las Vegas, Clark School District for 7 years
- ✓ Extensive knowledge of Nevada schools and how Clark County operates
- ✓ Access to large network of teachers and administrators within Oregon
- ✓ Has worked on various task forces with Clark County School Board

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Stanton B. Turner, Ph.D.

- Human Resources Administrator- School District 4J, Eugene Public Schools

Qualifications:

- ✓ Extensive knowledge within the southern Oregon school districts
- ✓ Access to large network of teachers and administrators within Oregon

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Position X

- Teacher or Administrator- Southern California Area

Qualifications:

- ✓ Extensive knowledge within Southern California Area and operations of districts
- ✓ At least 10 years educational experience
- ✓ Access to large network of teachers and administrators within California

APPENDIX B
ORGANIZATIONAL STRUCTURE

Marketing Representative and CEO (Partner)

- Brings in advertisers to the website
- Works as a liaison with the other partners and the teachers and school districts
- Works with the Internet Service Provider and the advertisements that will be posted as well as the job listings that will be posted

Teacher and Educator Liaison (Partner)

- Markets EPS to teachers, soon-to-be teachers and educators
- Lets this group know why they should choose EPS to job search with direct advertising
- Works with the Marketing Representative to have listings of what postings are on the website, what customer is looking for in postings
- Customer service

School District Liaison (Partner)

- Market EPS directly to the school districts
- Let our target market know why they should use EPS to list jobs and how they will benefit from our website
- Works with the Marketing Representative to have listings of what postings are on the website, what the districts are looking for in postings
- Customer service

Board of Advisors

- Advisory Group of teachers and administrators that work with the partners to direct the flow of the company
- This board can be increased or changed as the structure of EPS changes, growth into other states will facilitate additional board members

Administration

- Accounting
- Secretarial and Receptionist

Circular Structure

EPS will operate on a circular organizational structure. This means that everyone works together as equals, helping each other and blending duties across the traditional position descriptions. The Board of Advisors and Marketing Representative will operate as the nucleus of the company. The Marketing Representative (CEO) directs where the company will go, but will act within a team framework, relying on recommendations from the other partners and the Board of Advisors. The administrator will act as a support position, working and helping all the partners. All employees of the company will be able to address every aspect of customer service and work with all the customers.

APPENDIX C
FINANCIAL SUMMARY

Expenses	Year 1	Year 2	Explanations
Office Space and Utilities	$ 36,000	$ 40,000	$3,000 per month
Website			
start-up & design	$ 60,000	$ -	$300/month maintenance
yearly hosting	$ 3,600	$ 7,200	referred by ContiNet
Salaries	$ 96,000	$ 152,000	3 people at $32K per year 2 people at $28K per year
Travel	$ 50,000	$ 100,000	
Marketing	$ 500,000	$ 750,000	
Start-up Fees	$ 50,000	$ -	additional research
TOTAL	$ 795,600	$ 1,049,200	

Total Investment needed for two years of operations	**$1,844,800**

Revenues	Year 1	Year 2	Explanations
Job Postings			Postings listed for average of 3 months
High estimate	$ 180,000		500 postings at $30/posting/month
Low estimate	$ 36,000		100 postings at $30/posting/month
Market Share	$ 147,600	$ 900,000	yr 1: .5% of 8,333 schools, 10 per school yr 2: 3% of market
Web Advertisers			
High estimate	$1,800,000		100 advertisements at $1500 for 3 months
Low estimate	$ 30,000		50 advertisements at $50 for 3 months
Expected Goal	$ 465,000	$ 810,000	yr 1: average 50 ads at $775 for 3 months yr 2: average 75 ads at $900 for 3 months

Total Estimated Revenue		
High estimate	$1,980,000	
Low estimate	$ 66,000	
Expected Goal	$ 612,600	$ 1,710,000

HOW SMALL BUSINESSES SUCCEED

There seems to be some small part of every man that dreams of being a Bill Gates; or the man that had the million-dollar idea and will retire at 35 to Hawaii because of it. This small part talks to us, nagging away that we can be a success, and it is often the driving force behind thousands of Americans opening their own businesses every year. Many Americans leave old jobs to pursue their own company and "the most important triggering issues [of this] were the feelings of alienation and powerlessness well known to them as employees of large bureaucracies" (Gill 178). To be a success the new owners will need to have entrepreneurial vision. Author A. David Silver describes this as the "ability to size up a situation, isolate the problems that exist, devise solutions to them, and then deliver those solutions quickly and effectively" (1). Silver also writes that there are certain characteristics that an entrepreneur should have. These traits are "heart, patience, drive, the ability to cooperate, courage and an understanding of leverage" (Silver 11). Personality types that are not likely to succeed are people who lack follow-through and real world experience, as well as those who fail to take concrete action (Hisrich and Peters 61).

More often than not the little voice in our heads that tells us to become an entrepreneur will not tell us how much work it will be, or that the success rate is pathetically small. We prefer to focus on the good statistics, that according to an Electronic News report (29 March 1982, p.1) "99.8% of all businesses in the US are small" (Delaney 3). Another promising statistic is an MIT report that states that the "majority of new inventions and innovations come from companies with 20 or fewer employees" (Delaney 4). If you think these quotes will lead you to the Promised Land of owning a successful business, think again. "Nearly 100,000 American businesses fail every year- an average of nearly 2,000 in any

given week" (Kwestel, Preston, and Plaster 7). Not very promising when these numbers are listed. Ted Frost comments that there are such a large number of failures because one man usually runs a small business. "All that individual's screwball nutty ideas have full reign. And if a modest investment is involved, all it takes is one adverse economic hiccup to blow the whole deal" (Frost 50). Why do some businesses succeed and others die quickly? There are hordes of books written on the subject, and this paper will address a small gathering of them and their words of wisdom.

A small business owner is often referred to as an Entrepreneur. The term comes from the French, and literally translated means "between-taker" or "go between" (Hisrich and Peters 6). It wasn't until the 17th century that a connection of risk with entrepreneurship developed. This came about when a person entered a contractual agreement with the government to perform a service or supply of goods. "Since the contract price was fixed, any resulting profits or losses reflected the efforts of the entrepreneur" (Hisrich and Peters 7). Today, one definition of entrepreneurship is the "process of creating something different with value by devoting the necessary time and effort, assuming the accompanying financial, psychic and social risks, and receiving the resulting rewards of monetary and personal satisfaction" (Hisrich and Peters 10).

The golden rule of entrepreneurship is to find a hole, a market discontinuity, where the customer has a need that is not being met. Then you open your business and fill that hole. This may take some searching on your part, but the most profitable form of niche searching is to "look for a market in need of a product rather than a product in need of a market" (Frost 192). The ultimate goal is to use your market niche to the greatest possible monetary value. Silver writes that the creation of wealth by entrepreneurial means is a result of three things:

the size of the problem, "uniqueness and appropriateness of the product" solution, and the "quality and competence of the entrepreneurial team" (35).

The first step in creating your own businesses is to decide what business you want to go into. There are a variety of questions you should ask yourself. For example, "What group of people would you most enjoy solving a problem for?" and "If you could walk across a stage 5 years from now and receive the applause of 200 people, which group of people would you most like to have applauding you?" (Silver 46). It is unwise to enter a market that you can not see yourself enjoying, especially considering you will put an average of 60 hours a week into the running of your business. If you are having trouble deciding what market is right for you "make use of available consultants and training courses before entering the business world" (Silver 48).

Once you have decided what business you would like to do, and what your product is, you should begin the planning process. Planning is essential in determining the "resources required, obtaining those resources, and successfully managing the resulting venture" (Hisrich and Peters 31). One of the main reasons for business failure is a lack of planning; entrepreneurs will jump right in without looking where they are going. This can also be caused by a lack of perspective, or tunnel vision. W. Keith Schilit believes that "nothing is more likely to cause ruination in business than lack of perspective" (47). A general definition is that an owner who has no perspective will respond to superficial stimuli rather than to underlying causes.

During the planning process the owner is looking at what type of product he will offer and how to get it out to his market. Some key questions he should ask: "Are people aware of the problem (product)? Do people who have the problem customarily buy solutions to it?"

(Silver 184). If the customer is not aware of the product, then heavy marketing will be required to build product recognition. The most effective advertising is "an existing customer who is sublimely satisfied" (Frost 195). A satisfied customer will help build your reputation through word-of-mouth advertising. It is also more cost effective to satisfy your current customers than to try and gain new ones. It can cost a company "five times as much to get a new customer" as to keep existing ones (Frost 195). In regards to the second question, if the customer does not usually buy solutions then the owner should ask if the customer would start to do so after the product is offered. Once the entrepreneur has answered these questions he should develop a solution to the problem. "You should at this point standardize your solution as to make it useful to the largest possible number of people" (Silver 185). By standardizing it you can drastically increase your market size.

Customer satisfaction is another ingredient that is necessary for success. It should be discussed during planning and an owner should brainstorm ways to keep the customers satisfied. A business owner should do whatever he can to keep the customers returning to his store, and he should be aware of how they view his business. This is not an easy task to accomplish because "only 4% of the customers who have a bad experience actually report it and more than 90% of those that do not complain will not come back" (Schilit 133). A Company that wants to survive will predict and respond to its chosen customers' needs. "Customers, therefore, define the business" (Brandt 8). In order to build a reliable and loyal customer base the owner will need to gain brand recognition through quality products and services. The author of Rising Stars and Fast Fades: Success and Failures of Fast-Growth Companies writes, "quality is the single most important factor determining the success of a business" (Schilit 119). Schilit also mentions that "businesses rated in the top third in terms

of perceived quality are, on average, more than twice as profitable as those related in the bottom third" (119).

After the initial research into what business and what product you will offer, an owner should begin a formal business plan. The plan comes first because it helps you "reach your goal, measure your progress towards that goal, and indicate when and where adjustments or corrections are required along the way" (Delaney 28). There are three things the owner should ask himself when he is writing the plan: "Where am I now?" "Where am I going?" and "How will I get there?" By answering these questions a business plan will determine the viability of the venture, offer guidance for the owner and employees, and help in obtaining finances (Hisrich and Peters 97). An owner must remember that a plan should always be written down, that it "must be flexible and capable of being directed and controlled," and that consistent planning is vital to success (Delaney 16). An example of rigid planning is seen in the book Why Small Businesses Fail- Don't Make the Same Mistake Once. The author, William Delaney, tells a sad story of W.W.II and a very inflexible plan:

> "In 1940, the French had a master plan to fight World War II with World War I methods. The Germans attacked; at French headquarters there were no telephones so the master planners would not be disturbed... It was all over in six weeks, except to arrange for the surrender. That was not in this plan, was it?" (Delaney 16)

Two mistakes that often occur when writing the plan are that it is unrealistic and highly detailed. Business owners should always plan on what is probable, and not stretch the numbers or their expectations too far. The way to avoid unrealistic planning is to "involve those who will later have to carry out the plan in the planning phase" (Delaney 18). This means including all members of the team. If there is only one member, outside consultation and advice will help. Highly detailed plans are also a bad idea. Numerous details "reduces

the ability to react and change things" within the plan (Delaney 20). The business owner should realize that a wide variety of people will be reading his plan. Everyone from the investors to the bankers to the suppliers and customers can read the plan. If they do not understand it, or the plan is cluttered with too much data, they are less likely to understand the main aspects of the business. One way to avoid a lot of detail is to have others edit your plan (Delaney 20). Some other reasons for business plan failure are unreasonable and unmeasurable goals, no sense of threats or weaknesses, and no established customer need (Hisrich and Peters 111).

An owner should never proceed without a formal business plan. William Delaney comments that the worst mistake is to have no plan at all. "Even a bad plan is better than no plan, because it is written down, can be reviewed and criticized, improved upon, and modified" (Delaney 14). Without a plan, owners often find themselves with a lack of direction and then wonder why the business fails. A lack of planning also affects the management structure; "decisions are made independently, without a map. Time is lost; energy is squandered" (Brandt 21). The main point to remember with a business plan is that it is your roadmap to success. Without it, your business is prone to failure.

Strategic planning should also be included in the planning process. Strategic planning- "the process by which businesses examine their strengths and weaknesses and devise plans for bother their short-term and long-term growth"- will be the key to expansion, which will be necessary for continued financial success (Kwestel, Preston, and Plaster 194). It relates back to the idea of perspective, being able to see down the road, not just what is under your feet. Long range goals should be "something you want a lot, specific and concrete, and something that you sincerely believe is attainable" (Frost 52). Some of the

proven benefits of strategic planning are "increased revenues, increased profits, ... and improved return on investment and assets" (Kwestel, Preston, and Plaster 37). A final note on planning and how to make it work. An owner should make plans that will always be in his mind because they will help guide his business; "having it permeate your very being is what creates a sense of direction" (Frost 53).

Once the business plan is finished an owner should think about the organizational structure of his company. How many people will be managers, is everyone on an equal level, and is the owner the only one with the power? A proper organizational structure is vital to a company's well being. A business should have an organization and reporting structure from day one so the owner can "quickly supervise, direct and control the action to catch any problems early on" (Delaney 48). William Delaney states the importance of a proper structure in the following quote:

> "Your product or service is your substance, but the way you direct and control your operations is your style or form... clients may negatively judge your informal format, so that they do not even bother to open the package to see that the substance inside is of great value" (90).

It is common among small businesses to have a lack of structure because the owner feels it is not necessary, that all his employees are like family. Because of the owner's strong desire for independence he often "employs a flat organizational structure with informal networks throughout," which can be a huge mistake (Hisrich and Peters 33). The book The Road to Success: How to Manage Growth, states that it "makes the most sense for entrepreneurial companies to organize around processes" (Kwestel, Preston and Plaster 57). There are three basic processes that the business could organize around, depending on the type of services or products it offers. These critical processes are what the company uses to

meet customer needs through new product development, order fulfillment, and customer support (Kwestel, Preston, and Plaster 57).

A key element of the structure of the company is the management team. Without a management team a company will be "unable to respond fast enough to new opportunities and will miss warning signs of trouble" (Kwestel, Preston, and Plaster 14). Business owners should be cautioned here: just because a team exists does not mean it is a good one. The mistakes that often occur in team formation are that it is spontaneously formed, there are a wide variety of motives shoved together, and harmony among members is sought at the expense of creative conflict (Brandt 2).

How does an owner build a strong management team? One recommendation is to employ key people with proven records of success at "doing what needs to be done in a manner consistent with the desired value system of the enterprise" (Brandt 52). Overall, a good management team is one that demonstrates their ability to "introduce new products, get those products to the market on schedule, build a sales and service team, and meet or beat a budget" (Silver 48).

There are a few more tips that should be noted in an organizational structure. They relate specifically to the owner and his management style. The owner should be aware that hasty decisions could be fatal, especially since "a night's sleep works wonders on a person's point of view" (Frost 49). There are varying degrees of employee supervision to also consider. Oversupervising will stop the company from growing, but undersupervising leads to cost overruns lateness, and other problems (Delaney 175). A happy medium should be reached. You must allow others to do the job their way. Delaney comments that "you may tell them what you want and when, but leave the 'how' to them" (91). Another way to reach a

medium is to know that direction comes from the top down and progress reports go up. By implementing progress reports the owner can see what is going on through all aspects of the business, without running every small increment of it. Progress reports are a good way to get feedback so operations can be adjusted (Delaney 93).

Now that you know what business you are in, and how you will organize it, where are you going to get the money to run the business? For the small business owner the most common place is friends and family: a rich uncle, your best friend, your grandmother, etc. Financials are a dangerous area for most new business owners because the majority of them do not understand how they work. "Over 85% of small business owners do not know how to read and understand a Profit and Loss Statement or a Balance Sheet" (Delaney 69). The most common financial mistakes are undercapitalization, lack of cost tracking, confusion of growth with profit, and bad debts catching the owner unprepared (Delaney 70). How do you solve these problems? Cash.

When opening a new business an owner needs to look at more than start up funds. They must also consider their "working capital requirements, or enough cash to keep going for a couple of months" (Frost, 70). An entrepreneur should realize right away that "cash flow is the blood of a growth business" (Brandt 78). A company's ability to survive will be determined by their cash flow, which is "determined daily...by the contents of the checking account rather than the financial statement" (Brandt 78). An owner needs to know what the warning signs are for an impending crunch in their cash flow. Some of these signs are a lack of sales, costs are too high, the Accounts Receivables are uncollected, and there is no profit (Delaney 202). If a business does run out of money, which is common, the owner should

realize that "it is the effect of some other problem that causes you to run out of cash" and that "running out of money is not the cause of any problem" (Delaney 202).

"Grow" is what every small business will have to do if they want to continue to prosper. The extremely successful entrepreneurial firms "seem to grow largely by an ability to take advantage of presented opportunities, being sufficiently flexible to exploit them" (Gill 194). Growth companies have developed a competitive advantage over their competition; they do something better than anyone else. Their competitive advantage may be in any of the following: proprietary technology, innovativeness, price, value, production efficiency, distribution or linkages (Schilit 155-116). Wal-Mart is one well-known story of successfully growth:

> "Under its late founder Sam Walton's carefully laid out strategy and inspirational leadership, Wal-Mart has grown over a thirty-year period from a start-up in Bentonville, Arkansas, to a $52 billion success that is extremely well regarded..." (Schilit 1).

Failure to sustain a competitive advantage can eventually destroy a company. The goal should be to keep your product from being duplicated, or to keep it "invisible" from the competition (Silver 73). A few ways to do this are through patents, impressing on employees the importance of loyalty and secrecy, and establishing yourself in the market before making an initial public offering of stock (Silver 73). Vector Graphics is a perfect example of a company that lost their competitive advantage, and it killed them. Vector Graphics was a "profitable $36 million fast-growth computer maker in 1982. Yet it was eventually crushed by the IBM PC. Vector filed for bankruptcy in 1985" (Schilit 108).

As with any change in the company, growth will bring a rise of new problems that will need to be dealt with. These can range from "ineffective deployment of human resources

to a hesitancy to delegate and a lack of long-term planning" (Kwestel, Preston, and Plaster 4). The human resources issues should be addressed first because having satisfied employees is a key aspect of growing well. As you expand you may do so faster than the employees' skill levels, which means additional training may be necessary. Another HR problem is that businesses "tend to stick with the management structure they know, rather than implement a new one to control their growing organization" (Kwestel, Preston, and Plaster 6). When Apple was incorporated in 1977, there were 50,000 computers in the world. A decade later, 50,000 computers were built and sold each day (Schilit 138). Apple had to completely restructure its organization to survive, and they still almost went belly-up.

Another problem for growing companies is that they do so too fast. They literally grow themselves to death, which means they were not able to adjust. More business and growth means there is more money tied up into internal operations. The owner should keep an eye on his growth level to make sure his production costs are not growing faster than his profit margins. If they are, he is in trouble, and he should try to increase the margin each product is contributing to his profit levels. Three ways of doing this are to increase the selling prices, decrease the variable costs, and change the product mix so there is an increase in the net contribution margin for all the products (Brandt 77). To avoid "growing to death" a company should expand in an "orderly, planned manner" (Delaney 74). Since a new company has limited resources "sequential growth over time is the judicious prescription for prosperity" (Brandt 68). The key to a successful expansion is to avoid growth just for growth's sake. Once you can manage your growth there are no limits to how well your business can do.

In conclusion, approximately 600,000 new businesses start each year and 95 % of them will not survive eight to ten years (Silver 4-5). There are three principal circumstances that create the huge number of failures. Start-ups will fold because of a "lack of experience and know-how, incompetent or naïve management, and owners untrained in marketing and finance" (Silver 47). What are the main characteristics for success, the items the other 5% of businesses have? In order to flourish a business needs to have superior quality products, quality customer service, flexibility and adaptability, a high-caliber management team, and honesty and ethics in their business practices (Hisrich and Peters 53). A final word of advice for entrepreneurs. To be a winner the business owner should "know [their] strengths, weaknesses, proclivities, and motivations, and [then they] will know [their] problems and potentialities" (Frost 69).

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