

2014

Establishing school of English Language in Paphos

Pozova, Aikaterina

Master of Business Administration, Shool of Business, Neapolis University Pafos

<http://hdl.handle.net/11728/6706>

Downloaded from HEPHAESTUS Repository, Neapolis University institutional repository



Establishing school of English Language in Paphos

By:

Aikaterina Pozova

MASTER OF BUSINESS ADMINISTRATION

Neapolis University Pafos

Pafos, Cyprus

2014

Submitted to the Faculty of

SCHOOL OF BUSINESS

In the Partial Fulfillment of

The Requirements for

The degree of

Master of Business Administration

Establishing School of English Language in Paphos

DISSERTATION

Advisor: Prof. Andreas Kakouris

Program Director:

Table of Contents

Table of Contents	ii
List of tables	iv
List of figures	v
Abstract	vi
Chapter 1: Introduction	1
Chapter 2: Literature Review	2
2.1. Communication and Education.....	2
2.2. Language and Intercultural Communication.....	5
2.3. Importance of English Language in the modern world.....	8
2.4 Optimal Age for language learning	10
Chapter 3: The Business Plan	13
3.1 Executive Summary	13
3.2 Introduction	14
3.3 The Company.....	15
Chapter 4: Strategic Summary Plan	17
4.1 The Business Mission.....	17
4.2 Key Objectives	17
4.3 Strategies for achieving the objectives	18
Chapter 5: Product and Project Description	22
5.1 Services	22
5.2 Project activities	24
5.3 Critical Path.....	27
Chapter 6: The Business model	29
6.1 The management Plan	29
6.2 Customers' Satisfaction.....	29
6.3 Employee Involvement	30
6.4 Continuous Improvement	30
Chapter 7: The market / Marketing Plan	31
7.1 The Marketing Mix	33
7.1.1 Price	33

7.1.2 Product	35
7.1.3 Place	36
7.1.4 Promotion	37
7.2 Market Research and analysis	38
7.3 SWOT Analysis	41
Chapter 8: Financial Plan	42
8.1 Company's Investment Plan	42
8.2 Cash Flow Projection for the years 2015 and 2016	43
8.3 Profit and Loss Statement for the years 2015 and 2016.....	47
8.4 Break Even analysis and payback method	49
8.5 Risk assessment	51
Chapter 9: Conclusions	52
References	53
Appendices	55
Appendix A: Critical path chart	55
Appendix B: Core Values	56

List of Tables

Table 1 Critical path.....27

Table 2 Payroll29

Table 3 Number of pupils32

Table 4 Number of pupils. Detailed.....32

Table 5 Number of foreign pupils.....33

Table 6 Price list.....34

Table 7 Investment plan.....42

Table 8 Cash flow projections, 2015.....43

Table 9 Cash flow projections, 2016.....45

Table 10 Profit and loss statement, 2015.....47

Table 11 Profit and loss statement, 2016.....48

Table 12 Payback period.....49

List of Figures

Figure 1 Management activities21
Figure 2 SWOT Analysis41
Figure 3 Net profit48
Figure 4 Break-even chart49

Abstract

Title: The present project describes the process of establishing school of English language in Paphos.

Practical use: the present business plan is useful for representatives of companies operating in the market of services for the Study of English language, individuals and legal entities, planning to enter the market, public authorities regulating relations in the sphere of education, culture and leisure, as well as a wide range of users who are interested in the organization of such enterprise.

Purpose of the report: feasibility study of opening of the Center for the Study of English Language in Paphos.

Methodology: During the preparation of the project there was examined the market for similar service centers, schools, courses of foreign language in Paphos city, also the alleged investment and running costs were calculated, as well as there was developed the organizational scheme and timetable for the project implementation. Based on the received economic and financial information and the evaluation of the project there were defined the key financial and economic indicators. In order to open the mentioned enterprise it is planned to use only the Project Initiator's funds without involving the outside investors.

Project Concept: The project concept presented in this business plan is a reflection of the most promising, in our view, market entry strategy. Learning foreign languages generally and English language particularly is gradually becoming more and more popular. People travel all over the world, communicate with foreigners, work in foreign companies, chat online with friends from other countries and this would be impossible if people continued to speak in different languages. That is why courses of English languages have become so important nowadays.

Findings: As it turned out, English language school is profitable enterprise with short payback period and it is good investment of the moneys and is recommended for implementation.

Keywords: feasibility study, SME, language school, strategy

Chapter 1: Introduction

There are numerous books, articles and guides devoted to the process of establishing a new business. Many of them try to attract reader's attention and strike the eye with headings or pop covers and promise to open all secrets of success in entrepreneurship by following some easy steps.

Wicks (2012) suggests some tips as a prerequisite for any startup. Here are some of them: "Make sure you have all the necessary skills to run the business", "Think about what you enjoy doing, and what you are passionate about", "Decide what type of selling might be involved", "Look at market trends and see what is becoming increasingly popular, and what may be coming to the end of its popularity" etc.

But is it enough in order to open a new business? What to start with? The present feasibility study is useful for all start uppers as it provides them with practical advices, implies only real numbers and is close to the local environment.

In the present thesis we have reviewed several articles and have noted the importance and inextricable connection of language and communication in the modern world. The mentioned subject is of high interest at the same time from academic and entrepreneurial point of view as it proves that knowledge is something that will always be in demand at the market. That is why combination of theoretical basis and realistic approach will be resulted in success of the project implementation.

Of course we shall assume all threats that will arise from establishing the enterprise, for instance high competition and low entrance barriers that will push the rivals to enter the market. At the same time uniqueness of the project, deep methodology knowledge, experience and necessary skills will contribute to the project and make it different.

Limitations of the study are represented by the fact that there was examined local market, i.e. current educational-economic environment of Paphos city. Any other location will demand further research.

The following chapters of the present thesis imply literature review, the business plan, strategic summary plan, product and project description, business model, market and marketing plan, financial plan and recommendations. Relevant figures and tables presented below are aimed to visualize and to ease presenting detailed statistical information.

Chapter 2: Literature Review

2.1 Communication and Education

Communication is the imparting or exchanging of information by speaking, writing, or using some other medium (Oxford dictionary, 2014)

Communication is one of the necessary conditions of human life in society, and sociability, one of the most important system characteristics related to success. Under communication skills in social groups we understand the ability to communicate, be sociable, ability to work together.

According to Morreale et al (2000) “Competence in oral communication - in speaking and listening - is prerequisite to students' academic, personal, and professional success in life. Indeed, teachers deliver most instruction for classroom procedures orally to students. Students with ineffective listening skills fail to absorb much of the material to which they are exposed.”

Rephrasing the words of Morreale et al (2000) we may say that analysis of philosophical and pedagogical research on the nature of educational activities allows concluding the changes of functions performed by the teacher. The extra functions of teachers are considered to be

- function of emotional support,
- research function,
- facilitating function
- expert function.

Morreale et al (2000) continue the topic of communication significance in the modern world “As individuals mature and become working adults, communication competence continues to be essential. Communication skills are required in most occupations. Employers identify communication as one of the basic competencies every graduate should have, asserting that the ability to communicate is valuable for obtaining employment and maintaining successful job performance.”

System of functions of modern professional pedagogical activities caused by social and cultural factors includes:

- promoting education and training of student motivation for the Continuing Education (function is represented by the choice of teacher education technology, creating

educational environment, selecting a variety of ways to assess and take account of progress)

- self-reflection and self-education
- design function (design of individual educational system together with pupil)
- administrative function (implemented by involving teachers in determining educational policy at two levels: at the level of school and at the community level).

Leading characteristics of professional work in the field of education highlights:

- reflexivity, as a result of the development process of professional activities in the field of education;
- integrative characteristic
- sociability, which determines the direction of the interaction establishment and relationships with people in a variety of conditions of professional activity realization;
- differentiation, which is manifested in the need of establish interaction with the subjects of educational activities that differ in many ways (sex, age, individual characteristics, etc.).

Bondarevskaya (1990) discusses the topic of “importance of teacher’s knowledge of communication for successful learning”.

Her research describes that the work of teacher is inseparable from communication, which is one of the principal means of teacher’s activities in everyday work. The teacher must not only carry out teaching activities, but also establish and develop productive professional contacts, to be aimed at effective exchange of information and development of a common strategy for engagement, perception and understanding of the interlocutors.

Finding the structure of professional communication in education requires understanding of such concepts as “communication” and “professional communication.”

Communication to a greater extent is connected to the characteristics of oral speech, interpersonal, verbal and nonverbal interaction implemented in practice. Communication is a socially conditioned process of exchange of thoughts, feelings between people in various areas of cognitive and creative activity, and is aimed to the socially significant problems so that to result in the satisfaction of personal needs. Communication is not just exchange of information, but a process of creating a common identity, in which participants make sense of information and

relate their meanings with meanings of communicative partners, thus creating a certain degree of understanding.

Under professional communication is understood a process of exchange of information between representatives of the same profession in the cognitive work and creative activities aimed at professional development, during which the professional community are characterized by certain norms of thinking, behavior and interaction between community members.

Professional communication includes an open system of knowledge in the field of communications and information technology, career-oriented information and communication skills, which are updated in real happening professionally oriented situations.

According to the same research of Bondarevskaya (1990), following are the components in the structure of professional communication in education:

- Motivational component,
- Cognitive component,
- Component of activity,
- Reflective component

Motivational component is aimed on professional communication. Motivation for active professional communication with colleagues and participate in professional societies includes external (the demands of modern society to the profession of the teacher) and internal motives (the need for self-development and personal self-realization).

Cognitive component characterizes the knowledge of shapes, forms, tools, and methods of communication and its role in teaching activity; knowledge of communicative codes, strategies, tactics, ability to interpret information and use it various kinds that enables efficient communication and professional reach the goal that is to solve professional problems.

The activity component includes the ability to search and design (the ability to choose the form and means of communication skills both verbal and non-verbal communication), organizational (ability to organize communication, including by means of new communication technologies, the ability to vary the means of communication), etc.

Reflective component is the ability to comprehend, analyze and review their experience of professional communication. Reflective component is the basis for the development of professional reflective qualities such as self-esteem, self-knowledge, self-control.

In today's professional and educational activities professional communication takes on new meaning, not only because that is one of the main tools of professional activity and determines its success, but also because it opens up new opportunities for professional development of teachers. Meanwhile, teachers are not fully exploiting the potential of professional communication for professional development, and this poses a new problem for teacher education - preparation for professional communication as an integral part of the training of future teachers.

2.2 Language and Intercultural Communication

Ter-Minasova (2008) states that “The fact that even people that speak the same language cannot always understand each other correctly happens because of cultures divergence”. Her article is devoted to the relations and connections of language and culture.

Language is an instrument, a tool of culture. It forms the identity of the person, i.e. native speaker, through mentality, attitude towards people, etc., that is, through the culture of the people who uses that language as means of communication.

Thus, language does not exist outside of culture as socially inherited skills and ideas that characterize the way of life. Language is an integral part of the culture as a collection of human activities in different spheres of human life, e.g. industrial, social, and spiritual. However, as a form of thinking method and as a communication tool, language is in line with the culture.

Das (2006) cited Edward Sapir “Language is a purely human and non-instinctive method of communicating ideas, emotions and desires by means of voluntarily produced symbols.” In the same paper Das (2006) cited Benjamin Whorf “Language determines one's entire way of life, including one's thinking and all other forms of mental activity. To use language is to limit oneself to the modes of perception already inherent in that language. The fact that language is only form and yet molds everything goes to the core of what ideology is”.

Jiang (2000) believes that “A language is a part of a culture and a culture is a part of a language; the two are intricately interwoven so that one cannot separate the two without losing the significance of either language or culture. In a word, culture and language are inseparable.” Language is considered to be the reflection of the culture.

Ter-Minasova (2008) in her article describes close relationship between foreign languages teaching and intercultural communication is obvious and it hardly needs explanations.

Each foreign language lesson is a crossroad of cultures and practice of intercultural communication because each foreign word reflects the foreign world and foreign culture, every word reflects national consciousness and mentality.

Languages including English are means of real communication with people from other countries.

Under these conditions, in order to meet the needs of socio-historical society, basic principles of this trend can be formulated as follows:

- 1) learn languages functionally, in terms of their use in different spheres of life: science, technology, economy, culture etc.
- 2) summarize the extensive practical and theoretical experience in foreign language
- 3) scientific foundation and development of language learning methods as means of communication between professionals, as instrument combined with culture, economics, law, mathematics, various branches of science that require use of foreign languages;
- 4) study languages taking into consideration background of social, cultural and political life of people who speak those languages;
- 5) develop a model for training of foreign language teachers, specialists in international and intercultural communication in public relations.

That is why it is important to apply the results of theoretical works on philology to practice of teaching foreign languages and a theoretical interpretation and to summarize huge practical experience of foreign language teachers.

Thus, some of language functions are message function and informative function.

Teaching foreign languages based only on written texts drove communicative language features to the passive ability to understand texts by someone, but not to develop, produce it, and without making real communication impossible.

In order to teach a foreign language as means of communication, it is necessary to create an environment of real communication, to actively use foreign languages in vivid, natural situations. It may be in the form of scientific discussions with foreign experts, discussing foreign scientific literature, running individual courses in foreign languages, student participation in international conferences, working as a translator, which improves communication skills, contact, ability to understand and convey information. Need to develop extra-curricular forms of communication:

speaking clubs, public lectures in foreign languages, and scientific clubs of interest where students can exchange ideas.

Maximum development of communicative abilities is the main, promising, but very difficult task that faces foreign language teachers. It is important to teach people how to communicate effectively. At the same time, of course, it would be wrong to rush from one extreme method to another, and to abandon all the old methods, so one should carefully select the best useful method of teaching.

The main answer to the dilemma of solving the urgent task of teaching foreign languages as means of communication between people of different nations and cultures is that languages should be taught in an indissoluble unity with the world and culture of the peoples who speak these languages.

Teaching people how to communicate (orally and in writing) and not only to understand a foreign language is a difficult task, complicated by the fact that communication is not just a verbal process. Its effectiveness, in addition to knowledge of the language depends on many factors, conditions and culture of communication, etiquette, knowledge of non-verbal forms of expression (facial expressions, gestures), presence of deep background knowledge, and much more.

Overcoming the language barrier is not enough to ensure effective communication between different cultures. To do this, you need to overcome cultural barriers. National specifics may complicate the process of intercultural communication.

Culture components include the following:

- a) tradition (or stable elements of culture), and customs and rituals
- b) consumer culture, closely related to the tradition whereby it is often called traditional culture;
- c) daily behavior (habits of some representatives of culture, taken in a society norms of communication);
- g) specific perception of the world, national peculiarities of culture members;
- d) culture that reflects the cultural traditions of a particular ethnic group.

In intercultural communication it is important to take into account peculiarities of the national character of the communicants, the specifics of their emotional features, national specifics of thinking.

Communication between people of different nationalities can be achieved only with a clear understanding of the real and sociocultural factors.

One of the most important and radical terms to fill this gap is broadening and deepening the role of sociocultural component in the development of communication skills.

There is a need for more thorough and careful study of the nation, their culture in a wide ethnographic sense, their lifestyle, national character, mentality, etc., because the real use of words in speech, is largely determined by knowledge of social and cultural life of the speaker in this language community.

Know the meaning of words and grammar rules is not enough to actively use the language as means of communication.

Two cultures never fully coincide - this follows from the fact that each is composed of national and international elements. It is not surprising that we have to spend time and energy on mastering not only the expression of a plan of a linguistic phenomenon, but also of the contents.

Exploring the world of native speakers is aimed at help to understand the peculiarities of political, cultural, historical and similar connotations of language and speech units. Particular attention is paid to the realities as deep knowledge of the realities is necessary for a proper understanding of phenomena and facts relating to the everyday reality of the peoples who speak this language.

Jiang (2000) "Between language and culture there is always an interactive influence: the two cannot exist without each other. They combine to form a living organism. If we compare the society to a swimming pool, language is a swimming skill and culture is the water. When both are present, people swim well (communicate successfully). They swim confidently and rapidly when they are familiar with the water (i.e. within their native culture), but cautiously and slowly when it is unfamiliar to them (within a foreign culture).

2.3 Importance of English Language in the modern world

English is known as international language and that's why it opens up new horizons in studying and work. Knowledge of English language is the key to acquiring a good job all over the world, so the number of people wishing to learn English language is increasing every year.

Reddy (2012) describes the significant role of English language for communication purposes all over the world. “English now holds a dominant position in every sphere of human activity. It is a very significant input in all the developments in the world.” Demand for English is constantly growing in different fields, e.g. international relations, politics, education etc. There is important role that English plays for innovations and inventions as they are usually made by the English-speaking countries, so you have to know this language in order to adapt and have up-to-date information. Foreign language provides additional opportunities and is useful for a successful life. It is better to learn languages since childhood due to higher ability to learn. It is known that the earlier a child begins to learn a foreign language, the faster and more efficient he progresses.

As a perspective a prestigious job requires knowledge of at least one foreign language. If you want to get a job at a prestigious large company, then at least you need to know the basic foreign language – English.

Not all parents speak English and can provide their child with linguistic education on their own, but they are able to provide their children with the opportunity to learn it.

There were made relevant studies proving the importance of English in modern world. For instance Reddy, (2012) continues “Besides all the dictionaries, encyclopedias and books of knowledge are written and printed in English. Hence, the access to new knowledge is only through the English language.” Many countries made English its official language which confirms its significance. Reddy, (2012) “Consequently, the English language teaching (ELT) has become one of the major growth industries around the world in the recent years.”

Rani (2010) describes the importance of learning strategies. “English is a language used to reach across the borders and bridge the gaps. It is used to communicate anything from microchip to oil.” So we have to take it into consideration and react to the growing demand in the relevant way by providing our services to cover the existing gap and satisfy the customer’s needs.

Specialists with knowledge of foreign language have always been in demand in the labor market. Also, students can get the opportunity to go abroad for education. Many tourists vacationing abroad should at least master English at some level. There are a lot of reasons for learning English. And if there is a need and demand, it means that there is possibility to enter the market and be successful in it.

Ingram and Sasaki (2003) stress the universal need for language skills due to the fact that the world is developing really fast and because of all caused changes nowadays we face increasing amount of migrants and tourists all over the world. Every day we face diversity, either it has to do with race or culture or linguistic diversity. “English is of particular importance as the dominant international language.”

Voevoda (2013) says about motivation in studying English. Her opinion is that internet as a global mean of communication affects the student’s motivation. Changes in the development of modern information society for the last years have led to the fact that the younger generation perceives the Internet is not just as a socio-cultural phenomenon. Any activity on the Internet, including self-training etc., is perceived by young people with interest. That increases motivation. Communication in foreign language helps young people to understand the mentality of the representatives of other cultures in a better way and overcome socio-cultural stereotypes.

In the context of economic crises important motivational factor is the economic factor, i.e. the ability to find a well-paid job in their own country or abroad. It is generally accepted that many young people learn English to get an education abroad and subsequent employability in a more stable and well-developed economies.

Voevoda (2013) “The middle class focused on higher education and learning English in the professional field which gives them opportunity to find jobs abroad and in multinational companies.”

As a summary of motivational factors Voevoda (2013) mentions international communication, information search in the Internet, desire to get a good education and find well-paid jobs in international companies and abroad.

2.4 Optimal Age for language learning

There are many different opinions regarding the optimal age for language learning which are often opposite in relation to each other.

Considerable research has been done as to what is the best age for language learning is Met (1999). The majority of them believe that childhood is the right time for language learning. “Since there is evidence that suggests there are cognitive benefits to early childhood bilingualism, an early start and continued progress toward bilingualism is desirable” (Lee, 1996).

Robinson (1998) also believes that “Students who take a foreign language in the elementary grades may demonstrate academic gains in other areas of the curriculum”.

Learning English at early age allows children to start diving into fascinating and very interesting world that will open to them many secrets of communication and will expand their horizons. Early learning promotes better memory skills and personal growth and faster brain development. Children learn much more easily than adults, they are like a sponge that absorb new information.

“It takes a long time to gain proficiency in a foreign language, particularly when it is learned in a school setting. Therefore, the earlier students start the higher the level they are likely to achieve (Haas, 1998)”.

“A quality, world-class education includes foreign language study. For example, in fourteen of fifteen industrialized countries surveyed in 1993, foreign language learning began at age of ten or before (Bergentoft, 1994).

Jasone Cenoz in his article cites Mr. Hieghington, teacher of French on the Surrey Primary French Project and expresses his opinion on early language learning and he states about the children the following: “They have no awkwardness or inhibitions with the new language and are not at all bothered about making mistakes. Most significant of all, they soak up new language and ideas rather as sponge does water.” (Heighington, 1996)

In another article we found out that “...teachers and researchers report that younger children present very positive attitudes towards learning foreign languages and are very motivated” (Blondin, 1998)

Different books and articles were devoted to this topic and represented different points of view. Some of them insist that children should start learning from pre-school period as it help self-identification and development from early period of life and considers knowledge to be human’s greatest assets and tool. “The early years are recognized as the foundation years for children’s development. In particular, the first six years are crucial for young children in developing their first language and cultural identity, and it is during these early years that children build up their knowledge of the world around them. For children from language backgrounds other than English, the language or languages of the home that have been used since birth are the basis for developing meaningful relationships and learning about meaningful communication and interaction” (Siraj-Blatchford and Clarke, 2000).

It is very important to receive parents' support and directions during this period. Parents should participate and help their offspring during the development of educational programs. Hence, learning English from early age has numerous advantages which help to achieve the highest degree of efficiency. That is parents are supposed to think about the future of their children today and they should start active engagement in their education at early age so that to make their future successful and prosperous.

Also, key to success in learning any foreign language for children is communication with adults and other children. Dr Priscilla Clarke (2009) believes that "For young children interaction with adults and other children is the key to the acquisition of language."

No matter how many points of views exist in relation to this topic, parents and children should bear in mind that English language learning is meaningful only when it is supposed to be used practically. Language skills, as well as any other skills are destroyed unless you use them.

Chapter 3: The Business Plan

3.1 Executive Summary

Center for the Study of English Languages "Polyglot" is a company focused on the provision of educational services to the benefit of the harmonious development of children.

We have examined factors that affect the success of the enterprise, e.g. location, finding premises, obtaining necessary licenses, hiring staff and other factors. Market research was made so as to identify the missing link or discover a niche market. Suppose there are enough courses for adults but not for younger students, or there are used only old conservative methods of teaching, or there is no issue of certificates and diplomas - a lot of options.

We have identified the target market. Short courses are usually chosen by people who cannot or do not want to spend a lot of time getting additional education. They urgently need to either get basic knowledge on new subject for them to meet the requirements of the employer, or to go through retraining that is to receive education regarding related activities. In both cases, they have no time to years of study in Universities and means for it. Alternatively, as a student that has a purpose to continue his education after high school and enter a respectful educational institution in Cyprus or abroad, you must have a high level of English and pass relevant examinations.

It turns out that opening of school of English language courses can bring a good income, but in order not to fall behind the competitors in Paphos city and Paphos Region you need to hire good qualified teachers and create high-quality advertising to attract customers.

The project is promising for several reasons. Firstly, because of the general positive trend that states that adults are able and are willing to pay to provide their children with the best possible at early age possibility to learn a foreign language, and secondly, in our city there are not so many similar institutions, and hence the establishment of the new Centre will attract a lot of people that wish to use such services.

The attractiveness of this project proves positive forecasts regarding the local market of education in the future.

The Center for the Study of English Languages "Polyglot" is engaged in provision of high-quality and professional services in the field of education for children of all ages.

In order the process of learning a foreign language to be more effective and in order not to be routine and overloaded with theoretical material, it is necessary to add games, visual material and communication between teachers and students. Children learn not only the theoretical material, but also get acquainted with the traditions and customs of the country of the studied language. That opens new horizons and educates a child in different ways.

Training and development has to be done in advance. Parents should think and start their children's development by developing their attention, memory, logic, thinking, concentration of the child, to work on his socialization, creative abilities as early as possible. Every day, more and more parents realize that investing money in a child's education is a win-win scenario.

3.2 Introduction

“Polyglot” is a person who masters a lot of languages. The word is of Greek origin and is recognized by everyone. Our language school on the first stage of its establishment offers services of English language courses.

The language school is situated in Pafos center and will enter the market in 2015. We provide modern systems of education and our staff is duly qualified and experienced. Facilities, equipment, atmosphere and methodology are our competitive advantage.

We will provide high quality services for relatively low prices.

In the present business plan we hereby include the following:

- Business description,
- Market analysis,
- Competitor assessment,
- Marketing plan,
- Financial plan,
- Executive summary

As a startup enterprise we are going to consider the following:

- select a profitable and promising direction and the product (products, goods, services) for new business;
- analyze the market demand for the product and its subsequent amendments;

- analyze the competitive environment, identify the competitive advantages to differentiate the product - that is, we must identify how it differs from its competitors;
- determine a plan and budget in order to implement business ideas and sources of funds;
- plan the implementation of product and profit;
- determine who will be suppliers and customers;
- determine the potential market value of the product and the impact of competitors;
- predict the degree of effectiveness and consider how it can be increased;
- assess the risks and decide whether to engage in this business.

3.3 The Company

The Company will be run by the sole director Aikaterina Pozova who is concurrently qualified English and Greek language teacher.

The emphasis at the English school will be made on teachers, i.e. native speakers and the program that will be scheduled and adapted according to the level and preferences of the students which represents the competitive advantage.

The qualified staff is native speakers from the UK, also there are Greek-speaking teachers to work with beginner level. All of them have international teaching certificate (TESOL, TEFL).

English language classes will be run in groups and there will be held individual classes in the nearest future.

One can simply go and visit our office to get a piece of advice on our programs and related services. We offer free English test in order to define the level of English and work on it afterwards. We will be ready to help in matters indirectly related to our specifics, because our English language school is going to have a large network of partners - testing centers, training agency, employment abroad, translation agency, travel agents etc.

Our courses are developed by internationally recognized experts in the field of English.

The program of learning English is based on the fact that we use a deep understanding of modern requirements for language competence.

All our English teachers have years of experience working as TEFL as well as necessary licenses and certifications.

In the end of the period our students will receive recognized international certificate confirming English language proficiency.

Advantages of our company:

- We teach *modern* English. At English language school Polyglot a student will learn English with modern authentic materials. No outdated grammar and vocabulary, only modern up-to-date information.
- Convenient time and location. Our school is located in the center of Paphos. There is a free wi-fi access on the territory of school. Classrooms are equipped with air conditioning and everything a student needs for a comfortable stay and effective work.
- Discount system. We offer to our students a variety of bonuses and discounts.

Our company provides English lessons which are scheduled in accordance with the latest educational methods. All new concepts are explained with already familiar words, gestures, pictures - all this makes English lessons more interesting and interactive. All new grammar material and vocabulary after studying are immediately used in practice, when working in pairs and small groups. Thus, learning English is not confined to examining the grammar and memorizing new words, but the students will learn English to be able to communicate.

When choosing courses in English, except the quality and professionalism, great attention is paid to the conditions under which the training is conducted, i.e. modern facilities, equipment and books.

Chapter 4: Strategic Summary Plan

4.1 The Business Mission

Mission statement of our company is in providing high quality services for reasonable price. The emphasis is done at individual approach to each student separately as well as at team working so that to fulfil children's potential with the help of our qualified and experienced staff represented by native English speakers. Our graduates will be able to communicate fluently and correctly. We teach not to repeat and imitate, but to keep the original thinking through modern and interesting means of education. We are unique project that will constantly develop and innovate.

4.2 Key Objectives

Our enterprise is a place for children from seven to eighteen years which helps students to learn, to read, to speak and to write in English.

Our business goal is to become the most popular center for English Language in Paphos District.

Business objectives are the following:

- definition of market size and prospects of development for the school of English Language
- assessment of the costs arising from the services implementation.
- ensuring adequate pricing policy for the general market.
- comparison of costs with possible prices to ensure and forecast profit
- determine whether the development of this center is possible in the current economic conditions.
- identifying opportunities for children's development in our center
- developing a range of activities for valued customers.
- developing effective advertising to attract customers.
- inviting the best teachers for cooperation
- Purchasing (developing) the best teaching methods.
- provide customer service at the highest level.

Pedagogical objectives are the following:

- filling in gaps caused by high workload of teachers at schools and parents' employment and lack of skills to educate their children
- Creation of children psychologically comfortable environment to demonstrate their positive qualities, creativity and possibilities of their self-identification in society.
- teaching children properly, in creative way by organizing their leisure time.
- enabling informal communication with adults

Other objectives:

- ensuring the necessary conditions for personal development, health promotion and personal improvement
- providing educational motivations and needs of formation in continuous education, creating meaningful communication media;
- adaptation of children to life in the community and in society;
- development of a common culture of the individual, based on national and world cultures;
- assistance in vocational guidance of children and adolescents in accordance with the situation in the labor market;
- the need for the formation of healthy lifestyle;

4.3 Strategies for achieving the objectives

One of the main objectives to reach by our private school is providing high quality education. Achieving this result implies:

- development of social and practical skills, providing adaptation in today's socio-economic society;
- development of practical and social skills necessary in the modern civilizations and cultures, while not losing individuality and personality;
- skills of social mobility, providing the ability to change the social and economic role.

Therefore, strategy specification and deployment of the quality of education was developed in order to implement the above objectives.

1) Functional literacy that includes the following:

- Standards for educational areas and subjects of secondary education;

- Level of motivational sphere, psychological readiness to raise the level of education and choice of profession;

- Computer, linguistic and information literacy.

2) Social competence, including the general cultural, communicative, professional competence.

3) Personal development - the formation of personality (creative, moral relation to the life), as well as the most important personal qualities and features; self-regulation, high creativity, self-control, self-organization, individuality of thinking, emotion, and others.

The concept provides a strategy for constructing the content of education on the basis of:

- The principle of variability, which provides students the opportunity to select the curriculum, the level of the subject;

- Principle of curriculum orientation leading to the selection of modules;

- Principle of differentiation of depth and completeness of the content;

- Principle of information, allowing to expand content field of pedagogical school system through access to world resources over the Internet;

- Principle of integration and supplementary education.

The essence of the technological side of the educational system of a private school "Polyglot" is to organize the educational situation that encourages the individual student to self-learning activities aimed at the assimilation of certain elements of the education content (concepts, rules, laws, etc.)

Strategy of the development of educational technology at private school "Polyglot":

Tasks to be solved during the educational process are conditionally divided into:

1) tasks aimed at the development of the conceptual and operational unit of subjects;

2) tasks aimed at the simplest practical needs;

3) tasks aimed towards the manifestation of personal potential (ability to perceive the relationship between science and the study of moral and cultural issues, such as economic problems, moral responsibility, etc.)

An important factor is the creation of pedagogical technologies of learning situations through dialogue, joint research, collaboration, collective distribution activities. Such activities "humanizes" the educational process, as knowledge itself becomes a tool for the purpose of cooperation or joint action, and is born as a result of discussions, arguments validation and comparison of opinions.

The educational program of a private school of English language "Polyglot" for 2015-2014 academic years consists of the following modules:

Module 1: Purpose of the program and its development.

Module 2: Results of the implementation of different educational program of 2013-2014 offered by other institutions. Analytical module.

Module 3: Problems and development priorities.

Module 4: Curriculum.

Module 5: Organization of the educational process forms of education, educational technologies.

Module 6: Extracurricular educational work and the system of further education.

The management model of a private school, "Polyglot" is characterized by:

- being systemic;
- leading characteristics;
- development-oriented control system
- use of management experience in management.

The main characteristics of the management activities of a private school administration, "Polyglot" highlights the following positions:

- determine the level of professional capabilities of the teaching staff;
- active employee involvement
- training programs aimed at decision making and problem-solving characteristics;
- development of innovation within the objectives of the educational program;
- define the criteria for effectiveness of the educational process;
- establishing a monitoring system of the educational process.

Direction of management activities of a private school, "Polyglot":

- Create motivation for employees in order to innovate.
- Create environment for professional growth and self-development.
- Employee involvement
- Promote productiveness
- develop abilities that allow analyzing activities critically.

Figure 1 represents the main management activities.

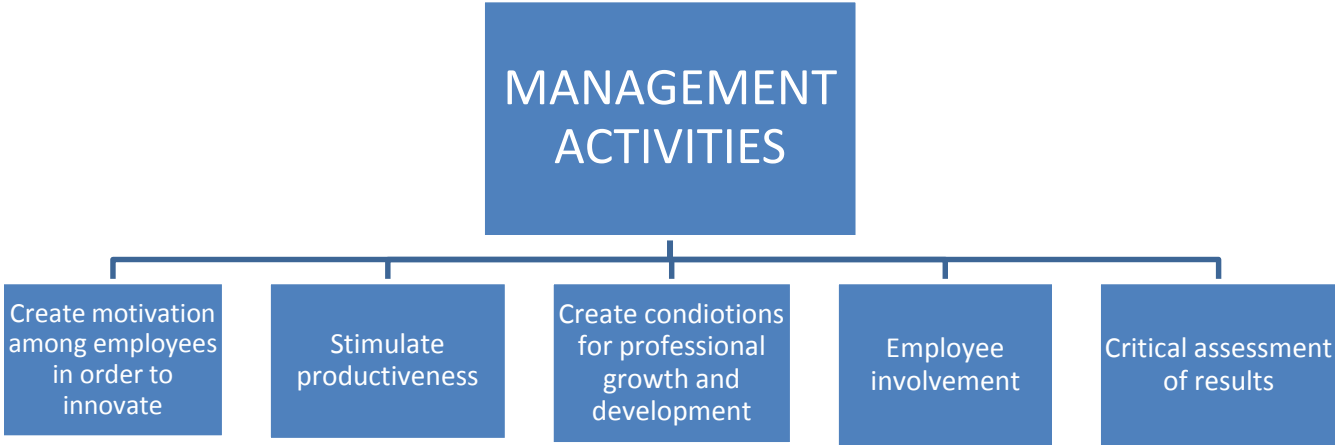


Figure 1. Management activities.

Chapter 5: Product and Project Description

5.1 Services

In order to become successful intelligent person one should pass through a long way of development. It is clear that development of abilities happens due to education, training, organizing children's activities, and their life experiences.

Proper understanding of the nature of abilities shows what a big responsibility for development depends on parents. Abilities do not exist originally. They are not something beyond the control of the teacher. The task of the teacher is to actively develop the abilities of children. Parents should give their child opportunity to act in the direction of his interests, providing him with the necessary support and at the same time carefully checking the solidity of his aspirations. That is what our English languages school takes into consideration and based on the above, we will provide our customer with the following:

1. Learning English in four main directions
 - reading
 - speaking
 - writing
 - listening
2. Communication with experienced teachers - native speakers
3. Educational movies in English
4. Learn through games
5. Modern facilities and equipment to support the studies
6. Visual means
7. English speaking club

Services that we provide were carefully considered and chosen based on the psychological and educational criteria. Childhood is a period when children are particularly sensitive to any impact and are able to develop and to progress faster than in any other age. If they do not use this period to develop, in the future the child is unlikely to learn well and achieve success in adult life. This will affect his adaptation and general psychological state. Development of personality traits

and characteristics and those activities that determine the formation of stable cognitive interests of children are very important.

The main purpose of education is creation the ability to learn with joy and pleasure, development of independence and responsibility. Creativity for children is not only a way to exercise and have fun, but also the development of fantasy and imagination, as well as way of self-identification. It is important to develop children's interest and willingness to engage in artistic activities.

Children are always interested in learning something new. If the classes are run in the desired form, as a game for instance, the child will love it and will not feel overloaded with new information.

Of course the main purpose of any company is obtaining commercial profits by providing paid services to the customers, in our case for lessons that will take place at the Centre for English Language in Paphos. Our business plan provides economic justification for running a successful business organization (language school).

Business plan of our language school is focused on creating a single enterprise (small business), which will operate under the relevant system of taxation.

Estimated Business plan is for the Centre that is supposed to start its operation in June 2015 with providing summer preparation courses to our students. Date changes may shift the whole performance due to business seasonality.

As for the project concept, the main idea is to organize the planned business venture by providing courses of English language in three levels (elementary, intermediate, advanced) in a specially equipped premises at school, with the average price for basic and additional services.

The main purpose of business is to create a commercially viable enterprise by providing services of foreign language teachers to children of school age, united by the idea of learning foreign (English) language at a comfortable place and convenient conditions.

The basic principles of our successful business in a competitive market now and in the future should be:

- wide range of language programs and popular study formats for the target audience,
- convenient time and place for lessons
- providing necessary equipment, books and other materials for successful learning process
- qualified teaching staff

- use of modern technology and learning tools
- trustful relationships with students,
- cozy atmosphere at our school
- individual approach, taking into account what customers wishes
- proper school tradition
- informal communication within the school and beyond.

The main objective of our enterprise is to create an atmosphere of comfort and symbiosis of high quality learning which will help to preserve the customer base, and its development through the recommendations, reputation and world of mouth.

Pricing policy of the school is based on the analysis of the average market that offers schools similar services in Paphos. Brand promotion of the school and its services is based on advertising campaign, which should provide a massive effect on new listeners and rapid filling of classroom space with maximum number of students. Number of additional services offered by our school during the first stage of its development may limited in order to concentrate on the learning process mainly, so that to improve the quality and improve customer satisfaction by staying responsive to all their requests and wishes.

As a future perspective we can mention that the class size will vary between standard, small groups and individual classes.

5.2 Project activities

We will describe the stages for project implementation superficially and mention its details in the following module

Step 1. Choosing forms of organization and registration at tax office

In order to open a language school first of all we have to select a legal form. To mention the pros and cons we can say that either it is possible to be registered to register a sole proprietorship which will allow us to train the students and to hire staff, but we will not be able to issue certificates or diplomas.

On the other hand it may be more effective to open a Company. Of course by doing it we acquire more responsibility and all kinds of details. However, we will get a higher

status and we will be able to provide their students full certificates. So the organization form of the business is going to be LLC.

Additionally, Company will attract more experienced and qualified teachers as well as more customers will choose a reliable organization.

After this, we will need to register with the tax authority. Depending on the form of the organization, this process varies.

Step 2. Obtaining a license for educational activity

This document is issued by the relevant education authority. To get it, we will need to provide a specific set of documents. This documentation may be associated with the premises, teachers and level of their qualifications, etc.

Step 3. Select premises

Certainly, this is very important. We could have rented premises close to large shopping centers, but the one we chose is situated near various educational institutions (schools), so that to attract more students. There was made market research to find if there are any competitors in the same region. This is discussed in a detailed way in the marketing section of the present business plan.

Step 4. Purchase of furniture and equipment

This is significant to create a prestigious and impressive image. Modern tables and chairs, bookcases, basic teaching material (textbooks, workbooks), whiteboard etc. play important role in the image formation. In addition, each classroom must have media content. These include audio and video recordings, interactive program for learning the language, interactive whiteboard, etc.

Taking into consideration that our business will grow and develop, we will renew and purchase extra materials accordingly.

Step 5. Teachers

Success of such enterprise 90% depends on the quality of teaching. That is crucial to find talented and experienced teachers that will agree to take part in our project.

We will search for employees through specialized websites related to job search.

It is important to concentrate on the target audience. Thus, for the education of children of school age we will look for teachers who have worked at least few years at school and

have relevant experience in communication with children. They know how to motivate children, how to attract their attention and help to consolidate new knowledge. Some teachers will be native speakers.

Step 6. Recruitment of students

Talking about when to start operating, we are going to prepare everything so that to begin June 2015 by providing summer courses and from September 2015 we will operate in usual regime as this time classes start at schools and universities and the unbearable heat backs down. So we will have to start promotion campaign in advance.

Step 7. Advertisement

This stage demands our careful attention as advertising is very important especially during the first years of operation. One of the most effective ways nowadays is advertising on the Internet. We are going to create the web site which will be in Greek, English and Russian languages so that to be able to provide people with detailed information about each course and learning environment, curriculum of the teaching staff, experience and achievements of each employee. We will post important announcements, notices regarding discounts etc. at our web page And, of course, we will describe the benefits due to which people should choose our center of learning English language, instead of competitors' institution. We will be also advertising on various online forums, websites of Paphos city, social networks, etc. Another relatively cheap and effective way to inform people about our center is the distribution of leaflets. This should be done in areas with large concentrations of people - at schools, shopping centers and offices of major companies. In short, wherever we can find our potential students and their parents.

Step 8. Evaluation of necessary investments

In order to start we will need a start capital. It will comprise 35000. (20000 is personal investment at the beginning of operation and 15000 will be spent of equipment and other expenses). We will not attract outside investors and neither bank loan.

Step 9. Income forecast

The average payment for month ranges from 50 to 70 euros depending on the level of English. Number of pupils within the group is approximately 10 - 12 people. Hence, there will be three groups of each level, 12 persons per group, i.e. 36 pupils total.

We have set reasonable process so that to enhance the liquidity of the project.

Step 10. Expanding activities

So in order to expand in future we will consider additional services that can significantly increase the level of income. In particular, this may be the following:

- Preparation for international exams (TOEFL, IELTS);
- Business English classes (for all ages);
- Translation of documents
- Individual lessons

5.3 Critical path

Table 1. Critical path

Task	Earliest start	Length	Type	Dependent on...
A. Marketing Research	12 January 2015	40 days		
B. Choice of Location	9 March 2015	10 days	Parallel with C	A
C. Obtaining license	9 March 2015	15 days	Parallel with B	A
D. Select equipment	30 March 2015	15 days	Parallel with E	C
E. Interviewing staff	30 March 2015	21 days	Parallel with D	B
F. Staff recruitment	28 April 2015	10 days	Sequential	E
G. Take delivery of equipment	20 April 2015	5 days	Sequential	D
H. Training staff	12 May 2015	15 days	Sequential	F

The critical path chart is represented at the Appendix A.

The process of preparation to operation starts in January 2015 and finishes in the beginning of June 2016.

Critical path comprises 101 day and is represented by the activities A, C, E, F and H.

See appendix A for details.

Chapter 6: The Business Model

6.1 The Management Plan

The company will rent premises in order to run the lessons. The rental agreement will be signed for a long term so that to secure the best price. Necessary repairs will be made before the beginning of the new academic year, and all necessary equipment, textbooks, whiteboard etc. so that to provide our students with visual aids and comfortable learning process.

The staff will be represented by four persons. Three teachers are responsible for teaching three learning levels of English to the students. There is a receptionist that is responsible for handling phone calls and greeting the visitors. Table 2 shows payroll for the personnel.

Table 2. Payroll

PAYROLL in Euros			
NAME	POSITION	YEAR 2015	YEAR 2016
A. Pozova	Director/Teacher	900,00	900,00
Teacher No.2	Teacher	800,00	800,00
Teacher No. 3	Teacher	800,00	800,00
Receptionist (part time)	Receptionist	500,00	500,00
Total Payroll		3 000,00	3 000,00

Every two years there will be made salary increase that comprises 5%.

6.2 Customers' Satisfaction

The key in meeting customers' need is in individual approach to every student. Also, we are going to use modern methods of teaching and lots of different visual aids in order to create unique atmosphere. Our teachers are qualified and experienced in communication and teaching to different age categories. Customers' feedback is also very important as it helps to improve and eliminate possible shortcomings.

Customers' satisfaction is a strong motivational tool to the whole organization to adapt the expectations and exceed the needs of the clientele.

6.3 Employee Involvement

Employee involvement is an important tool to inspire personnel to participate in the life of our project. As we have mentioned before, the staff is our competitive advantage. These people make a contribution to the learning process and put their heart in order to make the process interesting and make our students participate during the lessons. The staff should be motivated to innovate and be engaged in problem-solving and decision-making processes.

6.4 Continuous Improvement

This is one of the most important elements at any educational institution. Staying up-to-date, bearing modern information is a key to success and something that will attract customers' attention and make them choose our enterprise over competitors.

Continuous improvement will be reached by constant training, participation in educational conferences, meeting experienced professionals in the relevant sphere and exchange of ideas and information with qualified teachers and directors. Of course our staff members should be motivated to participate and to innovate and play an active role in the life of our organization.

Chapter 7: The market/ Marketing plan

According to the Ministry of Education and Culture, Primary Education in Cyprus “..is responsible for the education of children between the ages of 58/12 to 118/12 years old, who are attending public and private primary schools” and are aimed to reach “balanced development of the children’s personality.” As for the Secondary Education, “Public Secondary General Education is offered to pupils between the ages of 12 - 18, through two three-year levels - the Gymnasium and the Lyceum (Eniaio Lykeio).” There are mandatory lessons as well as cultural program including excursions and tours. Tuition is free for these levels.

Children study basic skills (reading, writing, arithmetic) at 1-3 grades of Cyprus schools, and then in 4-6 grades they study foreign languages, music, physical education and various humanities that are added to the program. The next stage involves in-depth study of general subjects and foreign languages. The final stage comprises three years of study in high schools focused on the areas of individual disciplines. Freedom of choice is limited to a set of the following combinations: classic science, humanities, physical and mathematical lessons, as well as economics and languages. Alternative to the public secondary educational institutions is private schools, providing enrollment on a fee basis. Some of them are focused on the study of foreign languages, mainly English. In Cyprus there are several schools that use American or English systems. In spite of the fact that Greek is the official language of Cyprus, English is very popular among local population. Today there are some language schools that accept students throughout the year. Language centers are located on the territory with the excellent infrastructure and transport access. Language schools in Cyprus have modern technical equipment and qualified staff.

At state schools English is taught from the first grade of Primary Education. The program is the following:

Class 1 – one lesson per week, Class 2 – one lesson per week, Class 3 – one lesson per week, Class 4 – two lessons per week, Class 5 – two lessons per week, Class 6 – two lessons per week

According to the statistics of the Ministry of Education and Culture (<http://www.moec.gov.cy/en/>) generally a number of pupils (our target group) is slightly decreasing. The relevant information is presented in Tables 3 and 4.

Table 3. Number of pupils

School Year	Number of pupils			
	Gymnasium	Lyceum	Gymnasium/ Lyceum	Evening Schools
2007-08	27530	23242	50772	720
2008-09	26361	23083	49444	686
2009-10	25424	22896	48320	698
2010-11	24566	23049	47615	659
2011-12	24265	22199	46464	697
2012-13	23833	21171	45004	651

More detailed annual reports show the increasing amount of pupils at pre-primary schools.

Table 4. Number of pupils. Detailed.

SCHOOLS	2010-2011	2011-2012	2012-2013
PRE-PRIMARY SCHOOLS			
Public Pre-primary Schools:			
a) Number of Schools (*)	255	263	264
b) Number of Pupils (*)	10965	11352	11769
c) Number of Teachers (*)	695	736	752
Community Pre-primary Schools:			
a) Number of Schools	63	69	75
b) Number of Pupils	1750	1869	2113
c) Number of Teachers	91	97	108
PRIMARY SCHOOLS			
a) Number of Schools (*)	344	342	340
b) Number of Pupils (*)	49889	49795	49612
c) Number of Teachers (*)	4167	4154	4144
SCHOOLS FOR CHILDREN WITH SPECIAL NEEDS			
a) Number of Schools	9	9	9
b) Number of Pupils (3-21 years old)	288	311	343
c) Number of Teachers (Special Teachers)	139	139	148
GREEK COMMUNITY SCHOOLS ABROAD			
a) Number of Schools	87	74	76
b) Number of Pupils	8000	6500	5300
c) Number of Teachers: permanent	40	40	36
part time	158	155	157
ADULT EDUCATION CENTRES			
a) Number of Centres	395	398	421
b) Number of Members	29611	30049	31500
c) Number of Instructors	845	848	816

On the other hand the number of foreign pupils is increasing every year proving the need to study English language within the class. Table 5 shows the relevant statistics.

Table 5 Number of foreign pupils.

School year	Number of foreign pupils	Percentage
2008-2009	4605	9,0
2009-2010	5281	10,5
2010-2011	6047	12,0
2011-2012	6670	13,3
2012-2013	6672	13,4

7.1 The marketing mix

The marketing mix typically includes the following elements:

- price (in relation to competitors and market demand);
- product (goods and services);
- place (how the product is delivered to the consumer);
- promotion (how the product is promoted)

7.1.1 Price

The company's strategy in pricing should take into account two main factors contributing to the consolidation of the market: the presence of the competitive environment of the city as a whole, as well as the presence of less effective demand than the companies located in the city center offer.

Provided that we are going to divide classes into different groups according to the level, the price will differ accordingly.

In the beginning of its operation, our school will offer three levels: beginner, intermediate and advanced. The price list can be discovered from Table 6.

Table 6 Price list

LEVEL	PRICE
Beginner	50 euros per month
Intermediate	60 euros per month
Advanced	70 euros per month

Taking into consideration the fact that the classes will be held twice a week for each group and the number of groups, we can say that this will ensure a constant and stable cash flow.

The price is set based on the competitors' price policy, feasibility demand for similar services, sensitivity of purchasing power and expenses that will occur during the process of the school's establishment. In the most cases the tuition fees will be fixed and will be paid in the beginning of each month in advance. Also we should keep in mind that as a new enterprise, we will require more flexible approach to each case in order to attract clientele - special offers, discount systems, promo-actions etc. The demand for our service is price elastic, i.e. small change in price will affect the quantity consumed. That is why it is very important to use relevant pricing policies as well as negotiation.

We shall aim at gaining the market share. As a new business we are going to use penetration pricing strategy which is about setting lower prices in order to attract customers and increase the market share. So, the initial entry price we offer is lower than the competitors' and that's why our customers will be encouraged to prefer our services. People who have just decided to join the English courses will be interested in low prices and someone who is currently visiting another language school will be motivated to switch to our courses. Difference in profit between setting a higher and a lower price will be covered in a long run by gaining more customers. It is important that we will attract attention and capture more clients. Paphos is a small city with population around 90000 people, so "word of mouth", rumors and family connections will quickly promote and advertise our services which will be advantageous to us.

By choosing penetration strategy we will also ensure that our competitors as well as new entrants or potential competitors will face difficulties and entry barriers and it will reduce competition. When rivals disappear we will consider price increase.

The pricing strategy we chose allows us to manipulate profits in a positive way, let us learn the market, increase sales volume, increase customers' loyalty, obtain a market share and

even take dominant market position. It is also important that it will affect reputation of our company.

As a new entrant, we shall keep in mind the significance of a brand creation at the early stages of the process. This is especially important taking into consideration price elasticity of demand which does not allow us to manipulate prices.

There is a difficult economic situation nowadays as consequences of economic crisis, so the majority of people are looking for lower prices in order to save money. Hence, low-income and middle-class (mass market) buyers will be willing to pay the relevant fees on a long term basis due to moderate universal prices. That will increase the clientele number and result in effective implementation of the pricing strategy which will maximize the profit.

7.1.2. Product/ Service

Our language school provides services which are unique due to the atmosphere created and high-qualified staff. Well-trained personnel are our competitive advantage and they represent experienced native-speakers that know how to adapt to different age and level categories of students. We provide our students with fully equipped classrooms, visual aids, modern whiteboards and methods of education that is aimed to teach them with up-to-date materials.

The “assortment” is represented by English classes of three different levels. We also plan to expand and add other popular languages, such as Russian, Spanish, Chinese etc. Additional services will be provided, such as individual classes, preparation for IELTS/TOEFL examinations, written translations which may be certified by Certifying Officers of Court Registrars and may be used for all official purposes all over the world. In order to do this we may cooperate with freelance translators and interpreters.

By providing our high quality services we ensure perceived value creation due to cost savings, we increase sales and create a competitive advantage. That is why we will constantly improve the methodology; engage in product development, we will keep our materials modern and up-to-date, we will innovate and introduce new services from time to time as well as upgrade already existing.

Constant services improvement and successful advertising company will create product differentiation that will let our customer choose our services over the competitor’s due to their

perception of our product as unique and superior. For instance we will run English-speaking club which will be held from time to time in order to present educational movies in English and make a discussion afterwards in order to train communication skills of the student. Also there will be “pleasure reading” section, i.e. a student will pick any book of his choice provided it is written in English in order to combine joy, education and pleasure from studies. What we are trying to prove is that our teachers master a lot of different techniques and methods in order to keep the child interested in the process and not just learn the grammar. How the classes will be run is also very important, i.e. the atmosphere, classroom design, modern books. As a result we are looking forward to creating one strong independent brand (brand loyalty) which will be popular due to high quality modern services provided for relatively low prices.

We will also provide complementary services, for instance sell the textbooks and other materials at special price for our students.

All these characteristics as well as individual approach to every student will attract customers and will create value and the impression that there is no other alternative to our brand and that our services are unique.

Another competitive advantage of the school is the fact that it will be directed by qualified teacher who masters three languages and is able to communicate with different categories of customers, as well as attract not only local Greek-speaking customers, but also Russian-speaking population of Paphos.

7.1.3 Place

The location of the business is aimed to provide the clientele with easy access and transport communication. The location of our school is in Pano Paphos area, so as to ensure clientele by being situated near several primary and secondary schools. As well it is supposed to ease access to the parents that work in this business area to be able to lift their children to the school.

The physical location of the school is Pano Paphos center, near the District Court. There are three schools nearby, as well as a lot of office building and parking area.

Central area provides access to different bookshops and other stores that may be necessary during the period of studies. There are several schools, office buildings, banks and

other institutions in the area. There is a bus stop nearby as well and sidewalks that ensure children's safety from the roads. The campus is walled for the same reason. Inside the campus there are different outside facilities.

The successful location also eases access to the working staff, visiting professors, messengers, delivery staff etc. Students and other stakeholders may enjoy different cultural institutions that are situated nearby, including libraries and museums. Within a five-minute walk there is Mavromatis bookshop and within a ten-minute walk there is Paphos library.

The particular location is advantageous also due to the simple scheme and directions used in order to direct the customers how to reach the institution, as the Court Area is known to everyone in Paphos. We will also cooperate with google map and other similar companies in order to place our language school to the map of Paphos in the web.

Availability for consumers is one of the most important terms for the service to be marketable.

7.1.4 Promotion

On early stages of operation our school will require strong promotion, PR and advertising in order to inform prospective customers about us and get noticed.

We are going to stress the significance of a professional web-site that will include photographs, description of services and "online admissions" provided. It is one of the most informative resources which at the same time is not expensive. We will also encourage people to share information about our classes by reposting information through social media.

Promotion will be implemented through:

- promotion channels (media, , Internet)
- sales promotion (special offers)
- advertisement
- communication
- PR and publicity
- guerrilla marketing techniques

Leaflets and brochures will be printed and distributed in office buildings, near school areas, supermarkets, parking, malls and other places of populous areas. Also we are going to email our brochures to the potential clientele using database storage services.

We are going to advertise in local mass media, including magazines and newspapers with target group e.g. housewives and other family-oriented press.

As a promo-action we will offer free test on English language proficiency and a free trial lesson.

We are going to take part in all educational conferences aimed to enrich the network and as a result increase sales and image creation for the services provided, as well as promotion and strengthening of the brand image and brand recognition.

In the beginning of each academic year there will be held a School Open Day which represents a small feast aimed to welcome all visitors, potential customers, parents and pupils in order to receive necessary information, visit the classrooms, get acquainted with the Director and the staff of the school in friendly and informal atmosphere.

Taking into consideration the fact that our business is a new enterprise, we will have to advertise aggressively and with the use of all possible mass media means, as well as “word of mouth”.

7.2 Market Research and Analysis

On the current moment Paphos has more than 15 English-language courses. All the relevant web-pages may be easily found in the Internet, some courses are advertised on radio, television and with the use of other means.

Among the most popular private English language schools we may mention “EUROGNOSI”, “INTERLINGOUA”, “MITLETON PRIVATE INSTITUTES LTD’ etc. The selection was based on the following indicators:

- market activity
- size
- quality of services
- demand
- good methodological framework.

Each year new state and private educational institutions enter the market. The number of schools of similar kind increase each year.

A lot of questions rise while choosing the school. For instance - what is the cost? How much time will be required for learning? What is the schedule? What is the application process?

To enter a group, you must first contact Manager of the school. You will be asked to tell the age of the child, what class he is currently visiting at school and what is his level of English. Our school, except this, will also offer free test in order to define the level. After passing the test we will offer a trial lesson at our language school in spite of the fact that quite a lot of courses do not provide this service, offering to buy a “pig in a poke”.

Tuition fees usually depend on the location of the school, number of people in groups, teachers (native speakers or no), competitor’s prices etc.

Most English courses require payment for each semester, but also quite a lot of courses, including our school, accept payment on a monthly basis. In case of early termination of studies fees usually are not refundable.

Most of the English language courses form groups according to levels of knowledge. Not every school is able to provide studies of high levels such as Advanced and Proficiency, most schools offer a set on 4 levels basis - from Elementary to Upper-Intermediate.

The most common training schedule is 2 times a week for 1 - 1.5 hours, the classes usually start at 18.00, 18.30, 19.00, 20.00, ie, time when the working day is over. Some courses also offer morning and afternoon sessions, but usually in small groups, as the demand for them is not that high.

It is advisable to view photographs taken during classes, etc., which are often found in galleries at the web-sites. Interior, students and the atmosphere play important role.

The variation of schools gives the opportunity to choose a convenient location for a place to study. Some of them have branches in the center, not far from the concentration of office workers. Quite a lot of the courses also are situated in quiet areas.

The most popular books that represent the course are textbooks of British editions: New Headway, Oxford Class, Total English, Success, Cutting Edge, Market Leader etc. Some schools conduct classes in their author's methods, for example, Denis Runova (using the method of direct association), Callan method (built on memorizing of figures of speech).

As for discounts, fairly common techniques in order to attract clients are the following: Bring a friend and get a discount of 10%, study for two semesters and get 5-15% discount for the next levels etc.

In addition to standard classes, many English language courses offer as an added bonus visit speaking clubs with native speakers and video clubs. Large schools have a library and video resources for students.

The target group of the courses is represented by the following clientele:

Children:

- Boys and girls
- 7 – 18 years old
- The child visits school (primary, secondary or high)
- Active, curious child
- Purposeful, hardworking
- Lives in Paphos

Adults (e.g. individual classes)

- Men and women
- 23 – 55 years old
- Worker
- Active and hardworking
- Lives in Paphos

Generally the market can be described as friendly to new entrants taking into consideration modern methods of teaching, qualified staff, modern technologies and books as well as active advertising position and R&D. That is what we will emphasize during the preparation period before entering into operation. Also “time to market” is crucial. Good period to enter the market is September which is the period when school starts and workers come back from their summer vacation.

7.3. SWOT Analysis

SWOT analysis is an important marketing technology that allows the company to effectively investigate ways of its development. It is a good way to collect and evaluate all the information necessary to find a profitable option. SWOT analysis allows to identify the strengths and weaknesses of the company, as well as to understand the opportunities and threats from the external environment.

SWOT analysis for our English language school is presented in Figure 2.



Figure 2. SWOT Analysis

Chapter 8: Financial plan

Financial plan of the project consists of the following sections:

- Company's Investment plan
- Cash flow projections for the years 2015 and 2016
- Profit and loss statement
- Break even Analysis and payback method
- Risk evaluation

8.1 Company's investment plan

As it has been mentioned earlier, the company's establishment will not attract external investments, but it is going to be self-funded. The sole director of the enterprise Aikaterina Pozova will use her own means as investment.

Investment in company registration and licenses obtaining is essential and comprises legal fees as well as accountant services. Relevant premises have to be repaired in order to meet the requirements of classrooms.

High amount will be invested in equipment and educational materials that are necessary for educational process. The whole preparation process will take several months and will be executed before the start of the academic year 2015-2016.

Total investment amount comprises 15000 euros + 20000 beginning cash balance. See Table 7 for the details.

Table 7. Investment plan

Description	Amount
Company incorporation	1000
License obtaining	1000
Premises repair	6000
Furniture, fixtures and fittings, (including whiteboard, computers and other equipment)	5000
Books and other educational materials (CD, DVD, posters, dictionaries etc.)	2000
TOTAL	15000

8.2 Cash flow projection for the year 2015 and 2016

The following cash flow represents cash inflow and outflow starting with the date of company registration, i.e. beginning of the year 2015. Academic year 2015 – 2016 will be also examined so that to eliminate assumptions and calculate cash flow for the school year.

Initial investment comprises 15000 euros. Also on the beginning of the period we have 20000 as personal savings.

The useful life of the equipment is 5 years. Taking into consideration the fact that the residual value is 10% of the purchase price we receive the following calculations

$5000 - 500 = 4500 / 5 = 900$ per year. Table 8 and Table 9 represent cash flow projections for the years 2015 and 2016 respectively.

Table 8 Cash flow projections, 2015

MONTHLY CASH FLOW PROJECTIONS FOR THE YEAR 2015						
MONTH	JAN	FEB	MAR	APR	MAY	JUNE
CASH BEGINNING OF THE MONTH		19500	19000	18500	18300	18100
CASH INFLOW						
Cash Sales						6300
Personal investment	35000					
TOTAL	35000	0	0	0	0	6300
CASH OUTFLOW						
INVESTMENT AS PER INVESTMENT PLAN	15000					
DEPRECIATION	nil	nil	nil	nil	nil	nil
Wages and Salaries	0	0	0	0	0	3000
Rent						400
Electricity						100
Internet/ telephone						50
Water						20
Parking						50
Cleaning						40
Repairs and Maintenance						35
Marketing , Advertising	500	500	500	200	200	200
TOTAL PAYMENTS	15500	500	500	200	200	3895
NET CASH FLOW	19500	-500	-500	-200	-200	2405
CASH END OF THE MONTH	19500	19000	18500	18300	18100	20505

MONTHLY CASH FLOW PROJECTIONS FOR THE YEAR 2015						
MONTH	JULY	AUG	SEP	OCT	NOV	DEC
BEGINNING CASH BALANCE	20505	22910	25315	27720	30125	32530
CASH INFLOW						
Cash Sales	6300	6300	6300	6300	6300	6300
Personal savings						
TOTAL	6300	6300	6300	6300	6300	6300
CASH OUTFLOW						
INVESTMENT AS PER INVESTMENT PLAN						
DEPRECIATION	nil	nil	nil	nil	nil	nil
Wages and Salaries	3000	3000	3000	3000	3000	3000
Rent	400	400	400	400	400	400
Electricity	100	100	100	100	100	100
Internet/ telephone	50	50	50	50	50	50
Water	20	20	20	20	20	20
Parking	50	50	50	50	50	50
Cleaning	40	40	40	40	40	40
Repairs and Maintenance	35	35	35	35	35	35
Marketing , Advertising	200	200	200	200	200	200
TOTAL PAYMENTS	3895	3895	3895	3895	3895	3895
NET CASH FLOW	2405	2405	2405	2405	2405	2405
BAL. AT THE END OF THE MONTH	22910	25315	27720	30125	32530	34935

CALCULATIONS	Elementary	Intermediate	Advanced
students number	35	35	35
Price in Euros Per Person per month	50	60	70
Period	Per month		
€ sales per month	1750	2100	2450
Total Sales/September	6300		

The calculations of the cash sales were made by predicting students' number taking into consideration average prices for elementary level – 50 euros per month, intermediate level – 60 euros per month and advanced level – 70 euros per month.

Table 9 Cash flow projections, 2016

MONTHLY CASH FLOW PROJECTIONS FOR THE YEAR 2016						
MONTH	JAN	FEB	MAR	APR	MAY	JUNE
CASH BEGINNING OF THE MONTH	34935	37340	39745	42150	44555	46960
CASH INFLOW						
Cash Sales	6300	6300	6300	6300	6300	6300
Personal investment						
TOTAL	6300	6300	6300	6300	6300	6300
CASH OUTFLOW						
INVESTMENT AS PER INVESTMENT PLAN						
DEPRECIATION	nil	nil	nil	nil	nil	nil
Wages and Salaries	3000	3000	3000	3000	3000	3000
Rent	400	400	400	400	400	400
Electricity	100	100	100	100	100	100
Internet/ telephone	50	50	50	50	50	50
Water	20	20	20	20	20	20
Parking	50	50	50	50	50	50
Cleaning	40	40	40	40	40	40
Repairs and Maintenance	35	35	35	35	35	35
Marketing , Advertising	200	200	200	200	200	200
TOTAL PAYMENTS	3895	3895	3895	3895	3895	3895
NET CASH FLOW	2405	2405	2405	2405	2405	2405
CASH END OF THE MONTH	37340	39745	42150	44555	46960	49365

MONTHLY CASH FLOW PROJECTIONS FOR THE YEAR 2016						
MONTH	JULY	AUG	SEP	OCT	NOV	DEC
BEGINNING CASH BALANCE	49365	51770	54175	56580	58985	61390
CASH INFLOW						
Cash Sales	6300	6300	6300	6300	6300	6300
Personal savings						
TOTAL	6300	6300	6300	6300	6300	6300
CASH OUTFLOW						
INVESTMENT AS PER INVESTMENT PLAN						
DEPRECIATION	nil	nil	nil	nil	nil	nil
Wages and Salaries	3000	3000	3000	3000	3000	3000
Rent	400	400	400	400	400	400
Electricity	100	100	100	100	100	100
Internet/ telephone	50	50	50	50	50	50
Water	20	20	20	20	20	20
Parking	50	50	50	50	50	50
Cleaning	40	40	40	40	40	40
Repairs and Maintenance	35	35	35	35	35	35
Marketing , Advertising	200	200	200	200	200	200
TOTAL PAYMENTS	3895	3895	3895	3895	3895	3895
NET CASH FLOW	2405	2405	2405	2405	2405	2405
BAL. AT THE END OF THE MONTH	51770	54175	56580	58985	61390	63795

CALCULATIONS	Elementary	Intermediate	Advanced
students number	35	35	35
Price in Euros Per Person per month	50	60	70
Period	Per month		
€ sales per month	1750	2100	2450
Total Sales/September	6300		

8.3 Profit and loss statement for the year 2015 and 2016

Table 10. Profit and loss statement, 2015

PROFIT AND LOSS STATEMENT	YEAR 2015
Revenue	
Cash Sales	44100
Cost of service	14350
Gross margin	29750
EXPENSES	
Depreciation	900
Salaries	6650
Rent	2800
Electricity	700
Internet/telephone	350
Water	140
Parking	350
Cleaning	280
Repairs and Maintenance	245
Marketing , Advertising	3300
TOTAL EXPENSES	15715
PROFIT before tax	14035
Taxes 12,5%	1754
Net profit	12281

What we observe is that in the end of the year 2015 the net profit comprises 12281 euros. The beginning of the year 2015, i.e. the period from January until the beginning of the June is preparation period. We start operating in June 2015 by introducing our summer courses/preparation for the school year 2015 – 2016 which is necessary for anyone who wants to improve his knowledge and make practice while the other schools are closed. Also it will help students to catch up information that he did not learn for any reasons previously.

As cost of service we consider salary of two teachers. As well salary of the Director is split evenly to administrative and teaching (450 and 450 euros). That is due to the fact that cost of service includes only the costs directly associated with making the service. Variable costs imply direct material costs or direct labor costs necessary to complete a certain project.

That means that cost of service = $(800+800+900/2)*7 = 14350$.

That also affects our expenses, i.e. we consider salary expenses to be $(900/2+500)*7 = 6650$

Table 11. Profit and loss statement, 2016

	YEAR 2016
Revenue	
Cash Sales	75600
Cost of service	24600
Gross margin	51000
EXPENSES	
Depreciation	900
Salaries	11400
Rent	4800
Electricity	1200
Internet/telephone	600
Water	240
Parking	600
Cleaning	480
Repairs and Maintenance	420
Marketing , Advertising	2400
TOTAL EXPENSES	23040
PROFIT before tax	27960
Taxes 12,5%	3495
Net profit	24465

Net profit in the end of the year 2016 comprises €24465 euros. It significantly increased in comparison with the previous year. See Figure 3 for details.

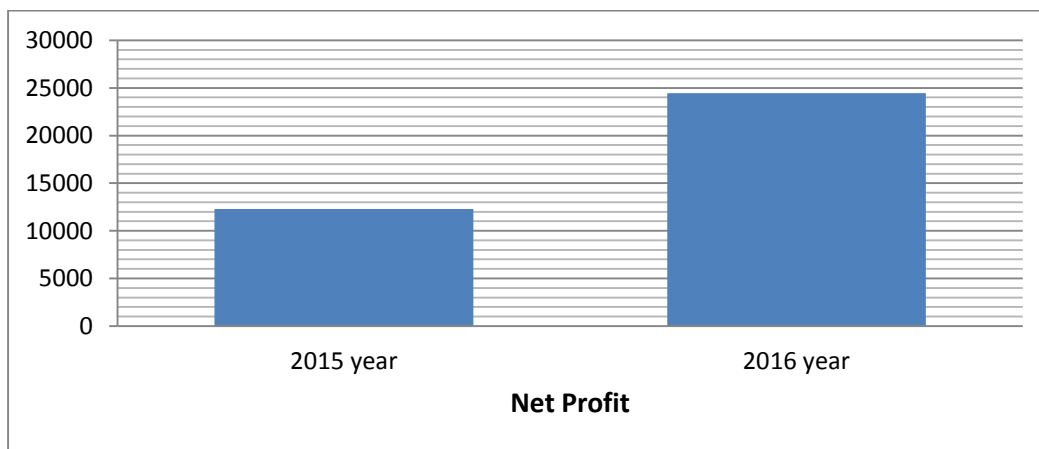


Figure 3. Net profit

8.4 Break even analysis and payback method

In order to find the break-even point we may use two approaches.

The first approach takes into consideration different selling prices per levels (beginners – 50, intermediate – 60 and advanced – 70 euros per month) and estimated number of students which is 35 persons per level we may notice the following:

BEP can be estimated for each of the mentioned groups in order to have a better insight of how the business performs. Due to the fact that the numbers of teaching hours are same for each group the variable costs (VC) and fixed costs (FC) are spread to each group evenly.

According to the profit and loss statement:

VC per month = 2050.00

So, VC per unit (student) = $2050 / 105 = 19.52$ euros

FC = 2245

FC per level = 748.33 euros

$BEP_{\text{BEGINNER}} = FC / (\text{Selling price per unit} - VC) = 748.33 / (50 - 19.52) = 25$ students

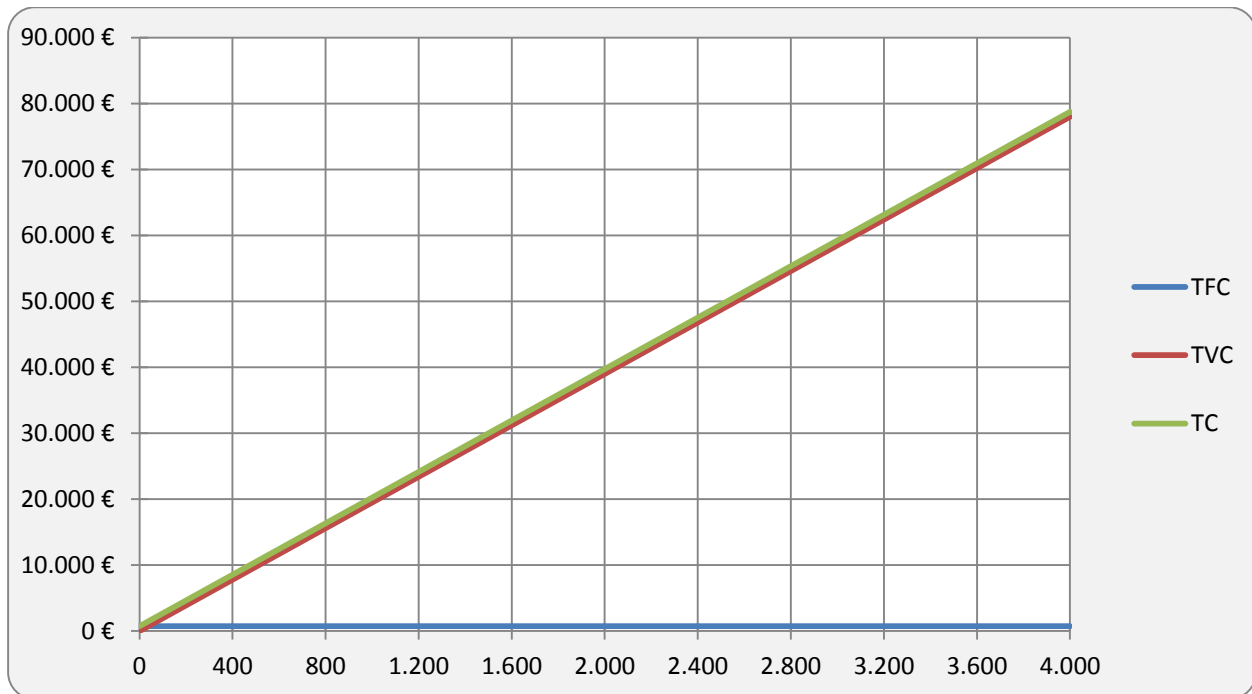


Figure 4. Break-even chart

Break-even point (units) = 25

Break-even point (€) = 1226 euros

Following the same formula:

BEP INTERMEDIATE = 18 students

Break-even point (units) = 18

Break-even point (€) = 1108 euros

BEP ADVANCED = 15 students

Break-even point (units) = 15

Break-even point (€) = 1037 euros

TOTAL: 58 students distributed to the above-mentioned classrooms.

The second approach implies the contribution margin to Sales Ration method

Year 2015

	Yearly in euro	Monthly in euro
Revenue	44100	6300
Less Variable Costs	14350	2050
Contribution Margin	29750	4250
Less Fixed Costs	15715	2245
Net Profit (loss)	14035	2005

In order to find BEP in Sales Volume (monthly) first of all we estimate the Contribution Margin to Sales Ration (C/S Ratio) which equals to Contribution Margin/ Expected Revenue X 100.

Therefore,

$$C/S \text{ ratio} = (4250/6300) \times 100 = 67.46\%.$$

The Break Even in sales =

$$\frac{\text{Fixed Costs}}{\frac{C}{S} \text{ ratio}}$$

That is to say: $2245 / 0.6746 = \text{Euro } 3327.89$

As far as we know our average selling price is Euros 60.00. So, $3327.89 / 60 = 55$ students approximately.

Based on the profit and loss statements 2016 we may note that there will be no increase in either fixed or variable costs. Also the selling price will stay the same as per year 2015. So, the same figures may be applied for the year 2016.

That is approximately 55 to 58 students accordingly.

In order to estimate payback period first of all we define our cash flow as uneven.

We have added back depreciation to the payback period.

$$12281+900 = 13181$$

$$24465+900 = 25635$$

Table 12. Payback period

Year	Cash flow	Cumulative cash flow
0	-35000	-35000
1	13181	-21819
2	25635	3816

That means that:

Payback period = $1 + (21819/25635) = 1 + 0,85 = 1+(0,85*12 \text{ months}) = 1 \text{ year and } 10 \text{ months.}$

So, 1 year and 10 months is the time period required to recoup our investment of 35000 euros.

8.5 Risk assessment

Development stage of the course may cause the following risks:

- Difficulties in recruiting qualified staff;
- Insufficient salaries (job rotation, low productivity);
- Depreciation of equipment
- Lack of quality materials.

During the operational phase of the course may occur following risks:

- Financial and economic risks;
- Instability of demand;
- Reduction of prices by competitors;
- Tax increase;
- Increasing prices for materials;
- Staff

Chapter 9: Conclusions

The above described project implies establishing English language school for children of all ages by providing paid services.

Projected language school will carry out its economic activities according to the schedule, quantitative and other parameters.

Calculations that we made show that the present project is economically viable. Payback period proves that full amount invested will be returned in less than two years.

For the implementation of the project we required the amount of 35000 euros. 15000 euros will be used for equipment and other facilities purchase and other preparation needs. Amount of 20000 is our cash balance in the beginning of operation. We will not require and loan as all means used will be individual. The above amount will be recouped in less than two years.

Concept chosen for the language school depends on the financial capacity and goals of the initiator of the Project, human resources, characteristics of local consumers and level of competition in each segment.

The commercial effect of its implementation will be positive, provided the preliminary design of the Project and a clear strategy for sound economic and marketing planning business. The Cypriot market has all the prerequisites for the release of new language schools as well as high demand.

The project is realistic and is recommended for implementation at local market, but any other location rather than Paphos city will demand further research.

Further we may recommend getting into details of classes scheduling, shift scheduling, etc. It may be necessary to investigate relevant policies of the competitors and adapt accordingly.

References

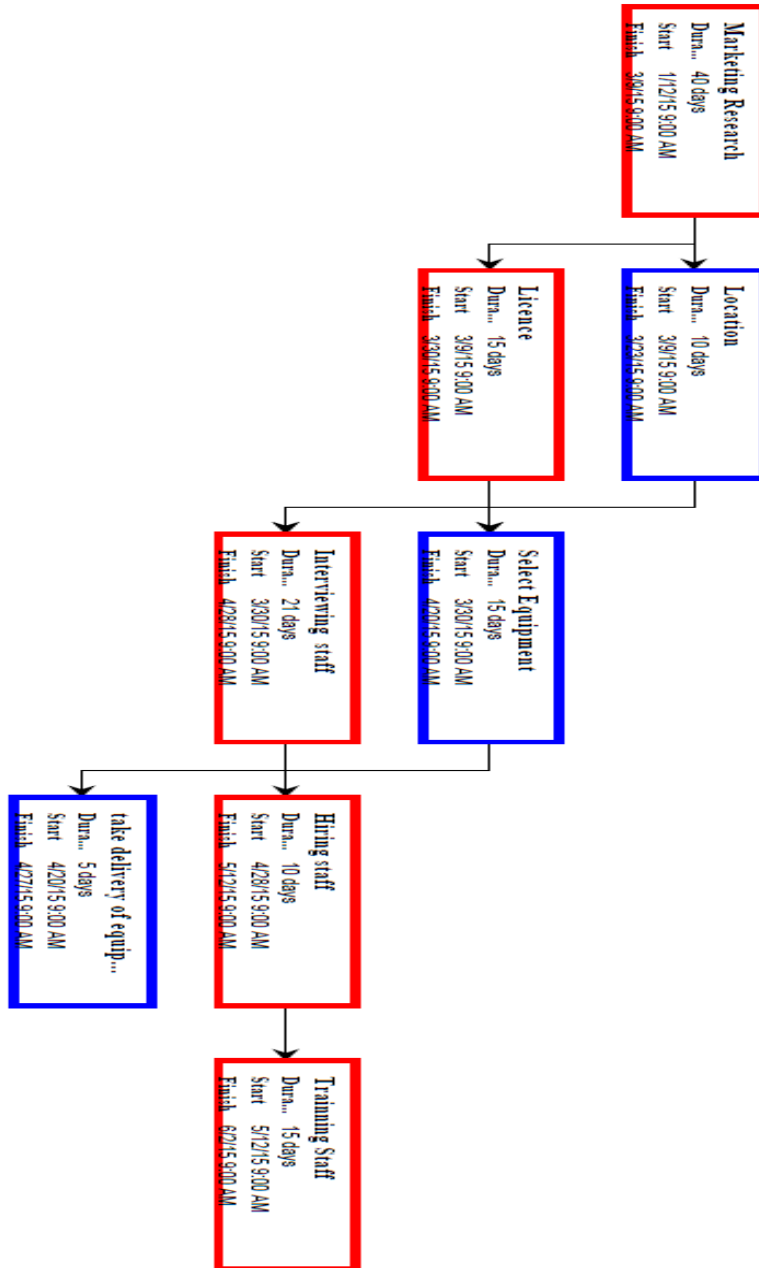
1. D. E. Ingram and M. Sasaki (2003) Akita University, *The Importance of Communication in English in a Globalised World and in the Field of Medicine*, Volume 1 No. 2, pp 55-57
2. Dr. P. Sreenivasulu Reddy (2012) Journal of Business Management & Social Sciences Research (JBM&SSR) *Importance of English and Different Methods of Teaching English*, Volume 1 No. 3, pp 38 - 41
3. K.Jhansi Rani (2010) International Journal on English Language and Literature, *Teaching and Learning English as a Foreign/Second language: Importance of Learning Strategies* Volume 1 No. 1, pp. 96-99
4. E.Voevoda (2013) Modern Communication study, *Back to the role of global English in European education*, Volume 1 No. 2, pp. 34-43.
5. Dr P. Clarke (2009) Victorian Early Years Learning and Development Framework, *Supporting Children Learning English as a Second Language in the Early Years*, Volume 2 No. 2, pp. 8 -11
6. M. Met (1999), National Foreign Language Center - Foreign Language Curriculum Handbook, *When should foreign language learning begin?* Volume 3 No. 1, pp. 8 - 12
7. Dr Liza Das (2006) Department of Humanities and Social Sciences Indian Institutes of Technology Guwahati, *Language and communication*, Volume 2 No. 3, pp 63 – 73
8. W. Jiang (2000) *The relationship between culture and language*, ELT journal Vol. 54/4 October 2000, Oxford University Press
9. Morreale, Osborn, Pearson (2000), Journal of the Association for Communication Administration, *Why Communication is Important: A Rationale for the Centrality of the Study of Communication*, Volume 1 No. 4, 29(2000), 1-25, pp 328 – 335
10. Haas, Mari. (1998) “*Early vs. Late: The Practitioner’s Perspective*” in M. Met, ed., *Critical Issues in Early Second Language Learning*. Glenview, IL: Scott Foresman Addison-Wesley Publishing Co.
11. Bergentoft R. (1994). *Language Planning Around the World: Contexts and Systemic Change*. Washington, D.C., National Foreign Language Center Monograph Series Education Commission of the States.
12. Bondarevskaya E. (1990) *Pedagogy: the person in the humanistic theories and systems of education*, publishing house “Education”, Russia.

13. Ministry of Education and Culture of the Republic of Cyprus <http://www.moec.gov.cy/en/>
date of access 7.07.2014

14. Wicks M., (2012) Starting a Business 101
<http://www.smallbusinesssuccess.ca/ebooks/meridian/pdfs/eBook-Starting-a-Business-101.pdf>
date of access 7.07.2014

Appendices

Appendix A. Critical path chart



Appendix B. Core Values

