**Start Up Plan**

**MsPan**

Speak English Like A Native

[*www.mspan.us*](http://www.mspan.us)

[*www.mspan.cn*](http://www.mspan.cn)

**1. Executive Summary**

MsPan, launched on Oct. 1st, 2016, is an **online education service** company that provides al­l potential English language learner in China a platform, on which they can set up *one-on-one* learning sessions with qualified *native English speakers* from the U.S.  **The core value** that we deliver is to enable *affordable*, *accessible and effective* English learning experience, applying The MsPan Method, such that the students can improve their language communication skills, and gain cultural awareness in a systematic way. The MsPan Method is the speaking educational product which is developed in-house by our English as Second Language (ESL) professionals, practiced on the The MsPan Platform, and delivered by well-trained The MsPan Instructors with skills tailored for teaching ESL learners from China.

**2. Opportunity**

Big and growing market:

Each year there are more than **380,000** Chinese students going to English speaking countries (mainly the US, Canada and Australia) for academic studies, with an estimated **growth rate of 10% each year**. Chinese students, despite receiving mandatory English education since third grade, often lack English-speaking skills while score high in English standard tests. The term “mute English” was coined to describe such phenomenon. This common problem for Chinese students is caused by lack of opportunity to practice spoken English in daily life. Additionally, there is a culture adaptation and language learning curve, that Chinese international students must deal with. To prepare for the incoming life abroad, there are **hard demands** for students to learn and practice English-speaking skills as much as possible. In a premarket survey we conducted, 100% of the respondents think English-speaking skill is the most important asset that they need to acquire before going abroad, underscoring the robust demand from the students to learn and improve their spoken language skills.

Aside from students who are planning to advance their education in English speaking countries, **young professionals** in China is also in great need of improving their English-speaking skills for their professional development. It is estimated that around **200,000** college graduates each year are placed into job positions that require fluent English-speaking skills in China. As full time employees, it is more challenging to attend regular classes in offline educational institutions. To stay competitive in the job market, and to advance in the career development, there is **emerging need** for young professionals to practice and learn English-speaking skills. Since MsPan was lunched, the marketing effort has been focused on students who are preparing for abroad studies. However, customers that are full time professionals find MsPan services useful and become active users, highlighting the huge market potential for young professionals to practice English with native speakers.

Status Quo and market gap:

Currently, in metropolitan cities of China, students and young professionals attend English educational institutions to practice English with native speakers. However, due to the high demand, these native English tutors have **big classes** and charge **high price** ($50-$80/hr). Learners do not get enough attention or one-on-one practice time with their tutor. Customers need to reserve block of time to travel/commute and attend these classes. Not only it’s time-consuming, but also the class schedules are not flexible, making it difficult for learners to manage among already busy academic or professional schedule. Even more, these not-so-ideal educational options are **not accessible** to customers outside of metropolitan areas.

Competitors:

Online educational services have emerged in the recent 5 years to fill this gap. Currently, there are two major players in China: VIPABC and 51Talk. However, users have many issues with their services. VIPABC offers yearly membership pricing plan, which is not flexible for learners. Additional concern comes from the lack of *continuous and systematic learning experience*, because students were assigned randomly to a different teacher each session.  On the other hand, 51Talk offers option to pay per lesson, however, leaners are not satisfied with their learning experience.  More than 90% of 51Talk’s tutors are recruited from Philippine, who are unable to deliver materials to meet students’ academic and cultural needs for studying in western countries. Each session is 20-25 minutes, too short to allow students to achieve significant and penetrating progress. Customers are seeking an alternative solution where they can learn English with top quality tutors from The United States who can deliver structured and systemic learning experience, with the flexibility of choosing their own time, place and customized study plan.

**3. Solution**

Value Propositions

This market need can be filled by MsPan, the first online education institution which allows students to connect with high quality teachers/tutors (ALL recruited from the U.S.) and to have one-on-one English learning sessions with affordable pricing ($25, $30 or $35 per session depends on teacher/tutor’s qualifications). Students can choose teacher/tutors on their own or with the help of The MsPan Guidance Counselor, book their lessons with teachers/tutors at their own time and pace, pay per session, and request their teacher/tutor to teach pre-packaged MsPan Education Products or customized learning materials, whichever fit best with students’ individual needs and learning goals.

Specifically,

1) The MsPan Method: MsPan develops proprietary Education Products, such as education catalog, topics design, and learning modules targeting LCL (language, cultural adaptation, and learning) skills. These Education Products are developed by MsPan in collaboration with professional and experienced English education experts, guaranteeing learners get high quality service.

2) The MsPan Platform: MsPan offers a newly in-house developed online technology platform, on which Chinese learners can visit and find teachers/tutors. On the front end, students can schedule online learning sessions with teachers/tutors and connect virtually to practice English.  On the back end, it provides services on efficient transaction management, teachers/tutors management, appointment management, student management and billing management, all of which are designed to streamline the workflow and minimize the operational cost.

3) The MsPan Instructor: MsPan recruits teachers/tutors from the U.S. who are ESL professionals, students and/or alumni from IVY-league College and other top schools. To ensure the quality and proficiency of teachers/tutors, MsPan carefully screens teachers/tutors based on their experience and qualifications. The hiring decision is made after a 30-minute interview, which contains a 15-minute demo lesson to evaluate applicant’s teaching style and ability. Upon hiring, MsPan conducts extensive on-board training that is professionally designed by MsPan staff and consultants, making sure all MsPan teachers/tutors are properly orientated and equipped with English teaching skill sets tailored toward Chinese learners, and qualified in the teaching of The MsPan Method.

4) The MsPan Guidance Counselor: MsPan guidance counselors give each student a placement assessment of his/her abilities. Based on the result and the student’s study skills, they place the student on “the right level”, and create the individualized study plan. They help students choose a matching teacher/tutor and/or Education Products, as well as follow up on students’ learning progress and fulfill any additional needs that students may have. Most of new students find the guidance counselors’ job very useful, especially for those who have never practiced English with a native speaker, and who don’t know where to start their learning experience.

5) The MsPan Process: MsPan develops a standardized process and several related products which facilitates us to acquire new students, recruit new instructors, and train instructors. The process quantifies the billable time of each operational steps, and it also makes sure that each instructor receives same high quality training. This enables MsPan operating as a scalable business to serve large number of Chinese students.

Collectively, MsPan allows learners all over China to have access to native English speakers, teachers and tutors. Students can learn and practice LCL skills from trained teachers/tutors with professionally developed education products. Selecting teachers/tutors, making appointments, having learning sessions, and payment transaction are all supported by the online platform, therefore learners using MsPan is like having personal English trainers, anytime, anywhere, with concrete plans and milestones.

Customer Segments

Anyone in China who is interested in practicing and improving their English speaking skills will be MsPan’s potential customer. Specifically, the customers can be divided into three major groups: 1) students who are planning to go to English speaking countries for education, 2) young professionals who need to have strong English-speaking skills for their career advancement, and 3) people who love to speak English as a hobby or need to acquire English-speaking skills for preparing their oversea travel and other leisure purposes. Among three customer segments, group 1 and 2 customers present hard and sustainable needs for learning English, while group 3 customers have relative sporadic needs.

Our initial target segment will be group 1 customers, who are currently in high school/college and planning to go to English-speaking country for education. To prepare for the upcoming abroad study and life, this group of customers has strongest and most urgent need to improve English-speaking skills. Based on a premarket survey done by MsPan, 89% of the students are willing to pay at least $40 per hour to practice English with native speaker online. As of today, 85% of the active MsPan users (17 out of 20) are group 1 customers, who take lessons at least once a week to practice and improve their English speaking skills. Although our initial marketing effort did not target group 2 customers, 15% of the active MsPan users (3 out of 20) are professionals, who take lessons at weekends and practice English with teachers/tutors for professional and business purposes.

Problem-Solution Fit

After guiding many students, we began to see our students’ achievement. They begin to develop positive characteristics such as confident, communicative and openness. We have documented several Chinese students who had challenges in speaking English before they took the tutoring from MsPan, and how much they improved after they had taken the tutoring package.

One college student, Richard, who takes 4 lessons weekly with MsPan, and he has been with MsPan for 3 months. He has received mandatory English education for 11 years in China, because the school education is focusing on “reading” and “writing”, he knows the English well on paper, but he doesn’t speak. Before he took MsPan’s lesson, he could only speak words instead of speaking a full sentence. We put him in MsPan Level 2A lessons, where the focus is to help him describe a full experience/story/event/topic. During the lessons, the instructors engaged him in a conversation to let him tell a story for the first time, and while at the same time asked questions like “where”, “why”, “how” to encourage him to collect ideas and elaborate details. He was then asked to repeat the story from the beginning on his own, and the instructor would comment on how he did and where he could improve. He was then to repeat describing the story/topic again. After 10 lessons, his progress was significant. First, he learned how to interrupt and raise questions when he didn’t understand; Second, he became more comfortable speaking with the native speaker. Third, he could organize the story description in a logical and coherent way. Here is an instructor note given after 10 lessons:

“I notice that from beginning of lessons to end of lessons, Richard is always very attentive and active. He's learning very well and I can see improvement in his confidence each session as he becomes more comfortable speaking. I would like to expand his vocabulary a bit more in conversation, so I will try to come up with topics that challenge him a bit more in that regard.”

Now he is at his 52th lesson, and he is at Level 5A, where he will be trained to practice presentation skills.

Technology and Intellectual Property

The MsPan Method: Each student is given a placement assessment of his/her abilities. Based on the result and the student’s study skills, MsPan places the student on “the right learning level”, and creates the individualized study plan. The “level” defines the study milestones, and the study plan covers the interesting topics (sports, cooking, school, travel etc) which is chosen from MsPan Education Product topic templates. An example of MsPan learning level has been shown as following:

Level 1A: Engage in a conversation

Level 2A: Describe a full story/experience/news

Level 2B: Describe opinions

Level 3A: Learning idioms

Level 3B: Discovering culture gaps

Level 5A: Presentation basics

Level 7A: Reasoning and argument

**4. Go-to-Market Plan**

Positioning

~~The strength of MsPan is its integrated service, including high quality instructors, convenient technology platform and well-designed MsPan educational packages. At this point, the weakness of MsPan lies in the lack of resources and capitals to boost its market exposure.~~

Customer Acquisition

The website of MsPan ([www.mspan.cn](http://www.mspan.cn)) has been launched since October 1st, 2016. While some of the features are still under development, we are operating MsPan in full speed. The website serves as the center of our marketing effort, and we advertise our services through social media, online postings on College BBS and major websites frequently visited by students who are preparing for abroad studies. In addition, we have collaborated with one of the offline education institution in Shanghai to acquire customers from their pool of students.

In the U.S. MsPan has also started to recruit tutors, primarily from top colleges in the New York metro area. The recruiting flyers were posted on campus, Facebook and Craiglist. Within the first week, we have received more than 200 applications for tutoring positions.

We plan to work with corporations in China, starting from Q1 2018, since a lot of corporations are eager to offer their existing and prospective employees for training of English speaking skills. Our services will be attractive to the employers since the employees can take classes in their own time and pace, without breaking away from their work schedules.

Status & Traction

1) Paid Customers: Three months after the initial launch, we have over 200 registered users on our websites, among them we have 30 monthly active users who are paying for our service. After interviewed 32 applicants for tutoring positions, we hired 15 tutors and conducted the onboard training. They have started lessons with these 30 students in China, generating about $5400 monthly gross revenue, $1400 monthly net revenue. Because MsPan wants to make sure our tutors are highly qualified and well trained, the process of recruiting tutors is rather lengthy and time-consuming. However, students are willing to be placed on the waiting list. Over time, we will recruit enough tutors to serve our customers.

2) Education Packages: 6 speaking educational packages are provided to both tutors and the students. We continuously observe lessons and collect feedbacks from tutors and students, and made adjustment on existing education packages, as well as developing new packages.

3) MsPan Platform: Launched on Jan 1st, we’ve migrated all the tutors’ and students’ profiles to the platform, on which they manage their lessons and access online lesson room.

4) High Retention: 3 months after launching, we haven’t lost any one student. The existing students have begun to refer new students, and we have a tutor who brought in 4 of her former students from offline school to join MsPan. It proves the customer confidence on buying the MsPan service and the MsPan value.

5) Marketing Initiatives: To expanding the exposure in China, we are planning to launch two new initiatives in Q2 2017, namely The MsPan Live and The MsPan Referral. The MsPan Live is a weekly live show program, on which a MsPan staff discuss one popular topic with a tutor via our online platform. Students are invited to join the show for free, and they may interact and post questions real time, but only by typing. The MsPan Referral program is designed to stimulate existing students to refer new students to join.

Implementation Timeline

At MsPan, we apply Agile Development methodology, which provides opportunities to assess the direction of each project throughout the development lifecycle, and ensures the work doesn’t wind up on a shelf, never released. That said, we have the following milestones set for the year 2017 and 2018.

Q4 2017: $100,000 + net revenue

1) Acquire 300 active students, 50 teachers/tutors, estimated 40 lessons one day.

2) Expose to a larger landscape of social media.

3) Fully operate The MsPan Live and The MsPan Referral, as part of the marketing initiatives.

4) Collaborate 3 offline education institutions in tier 1 Chinese cities, such as Beijing, Shanghai, Shenzhen.

Q4 2018: $300,000 + net revenue

1) Acquire 1000 monthly active students, 200 teachers/tutors, estimated 150 lessons one day.

2) Collaborate 10 offline education institutions in tier 1 and 2 Chinese cities.

3) Collaborate with organization and conduct enterprise training.

4) Build the MsPan Education Ecosystem and the MsPan Community.

**5. Operations Plan**

Operational Risks

How MsPan works today is that each student is given an initial assessment of his or her abilities. Based on the results and the student's speaking skills, a MsPan Guidance Counselor will create an individualized-study plan. Moreover, MsPan Guidance Counselor also delivers a one-hour coaching session to teach students tips and ways to speak with native English speakers, so students can make the most out of their learning sessions with teachers/tutors. As students’ progress, MsPan Guidance Counselor plans the next level courses for the students. On the other hand, we conduct 1-on-1 on-board training for new teachers, to make sure they can successfully conduct lessons that MsPan designed for the students. Along the way, we also provide professional development program to further assist teachers/tutors. While these operations are useful, but they require intensive labors being involved, a lot of hours on non-billable time, thus the operational risks exist today.

Operational Goals

To make MsPan **a scalable business**, the goal for year 2017 operation is to build and practice **The MsPan Process**, such that we make the operational risks *quantifiable* and *manageable*. The MsPan Process is a standardized process in which we quantify the time to spend on engaging each new student and train each new teacher. As the result, we are going to be able to attract and properly train enough instructors to teach/coach large number of Chinese students.

The MsPan Process sets the billable working hour guideline as following:

1). Teacher interview: 30 mins.

2). Teacher training and account setting up: webinars + teacher manual + group training  
3). Student engagement and lesson plan: 30 mins

4). Student coaching and account setting up: dedicate to teacher + webinar

5). Guidance counselors follow up with students: 10 mins every 10 lessons

Collectively, the target billable time on each new teacher interview plus training is about 1 hour, and the target billable time on acquiring each new student is about 30 mins, plus 10 mins every 10 lessons follow up time. To support this, specifically, we are targeting the following major areas:

1. MsPan Teacher Training:
2. On-boarding process (Q1 2017):

We are developing short webinars that can be posted on the website for tutor training, which help minimize the existing labor-intensive on-boarding processes for MsPan teachers.

1. Professional development plan (Q3 2017):

MsPan teachers will receive multi-level certificates once they complete corresponding training courses. Instructors who have completed presentation skill training courses will be able to take students who need develop presentation skills. Most of the training courses will be in a webinar format or in a video conference.

1. MsPan Student Engagement:
2. Student’s first lesson (Q1 2017):

We standardize the first lesson plan for the teachers/tutors. Teacher/tutors will be able to provide students essential tips of taking the lessons, and to make sure they can make the most out of their learning sessions with native English teachers. We delegate the student coaching sessions to the teachers, instead of giving by MsPan’s Guidance Counselor.

1. Support repeating customers (Q2 2017):

The MsPan Method of learning plays essential roles. Students are placed into different levels of proficiency, and as they progress and complete a certain level, they will receive corresponding certificate. To keep the tutoring interesting, we design different themes (such as sports, cooking, things to do, etc.) in each level.  
The students know the learning goals and learning materials from the Day 1.

1. Technology Enhancement (Q4 2017):
2. Build and integrate feedback system to the platform, so that MsPan staff can collect students’ and teachers’ feedback efficiently.
3. Build lesson plan customization system, on which the Guidance Counselors can set up lesson plans for students easily by dragging and dropping different learning modules.
4. Education Product development (Q4 2017):
5. Develop 12 speaking educational packages in total.
6. Complete the MsPan Method of Learning Education Package (Version 1.0).

Long term Vision

**The MsPan Community**: Our vision for MsPan is that, eventually, MsPan will be the go-to source when Chinese learners want to practice spoken English with native speakers. MsPan will not only be a simple platform, nor an education company, rather MsPan will become *a community of English tutors and leaners*. The MsPan certified tutors will be recognized as teachers who can effectively teach Chinese students English-speaking skills and cultural related content. The MsPan students and alumni will be recognized as people who can speak English fluently and confidently. People inside the MsPan community can share, converse, connect and network. We will start building this community by establishing the brand and reputation with current users.

**6. Team**

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| --- | --- | --- | --- |
| Co-founders | Title | Highest Education | Professional Background |
| Xin Chen | CEO | MS in Computer Science  Columbia University | Senior Software Engineer |
| Bo Liang | CTO | MS in Mechanical Engineering  Columbia University | Senior Software Engineer |
| Jinpu Yang | CFO | PhD in Physiology  New York Medical College | Biological Scientist  Management Consulting |
| Xue Pan  Ge Yang | CPO  COO | MA in TESOL\* & MA in Chinese Language Education  New York University  BA in TESOL | Tenure teacher  Senior ESL teacher in China |

**7. Financial Plan**

Economic Analysis

MsPan website and education products are developed in house by our co-founders, therefore the product development cycle can be aligned efficiently with our milestones. MsPan profits by taking commission of tutor’s payment (the commission rates range from 18% to 30%), and MsPan profits $6.5 dollars per lesson on average. To offer incentives for tutors to stay with MsPan, the more sessions a tutor teaches, the less commission we take. With the current business model, **there is cash flow from day one of operation**.

**The first milestone** is to have 30 monthly active users (MAUs, defined as students who book four sessions per month) by Q1 2017. Exceeding 30 MAUs, we will have to hire full-time staff to support customer care, which will be the major operating cost (hiring in China, $1000 per month per person). **When we reach 100 MAU by 6 months, we break even.** We project to reach 300 MAUs by 12 months’ operation, which will generate $30,000 monthly gross revenue, $7,800 monthly commission revenue. In the long term, even if we can only occupy 1% of total market share, MsPan will generate $210,000 monthly in profit. We aim to take 10% of total market share, and place MsPan as the go-to-source for English-speaking education institution.

Sources and Uses of Capital

Q4 2017, MAU 300, monthly gross revenue $30,000, monthly commission revenue $7,800, monthly profit $1000, the anticipated monthly cost structure:

1. The MsPan Live program: $200 for instructor payment + $300 monthly cost for one part-time staff.
2. The MsPan Referral program: $1000 for 40 free lessons given away monthly.
3. The MsPan guidance counselor: $3000 for 3 full-time employees hired in China.
4. The MsPan instructor: $22,200
5. Sale representative: $1000 for 1 full-time employees hired in China.
6. Fixed cost: $500 software, marketing, others
7. Space rental: $800 in China

Q4 2018, MAU 1000, monthly gross revenue $100,000, monthly commission revenue $26,000, monthly profit $6300, the anticipated monthly cost structure:

1. The MsPan Live program: $600 for instructor payment + $600 monthly cost for one part-time staff.
2. The MsPan Referral program: $2000 for 80 free lessons given away monthly.
3. The MsPan guidance counselor: $5000 for 5 full-time employees hired in China.
4. The MsPan instructor: $74,000
5. Sale representative: $3000 for 3 full-time employees hired in China.
6. Fixed cost: $1500 software, marketing, others
7. Space rental: $1000 in China
8. US employee: $4500 for 1 full-time employee in The U.S.
9. Lesson materials development: $1500

\*TESOL: Teachers of English to Speakers of Other Languages