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ESPERANTO: A Model Virtual Foreign Language School

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ΠΑΝΕΠΙΣΤΗΜΙΟ ΠΕΙΡΑΙΩΣ
ΤΜΗΜΑ ΟΙΚΟΝΟΜΙΚΗΣ ΕΠΙΣΤΗΜΗΣ

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ΣΤΗΝ ΟΙΚΟΝΟΜΙΚΗ ΤΗΣ ΕΚΠΑΙΔΕΥΣΗΣ ΚΑΙ ΔΙΑΧΕΙΡΙΣΗ ΕΚΠΑΙΔΕΥΤΙΚΩΝ ΜΟΝΑΔΩΝ

ESPERANTO: Ένα Πρότυπο Διαδικτυακό Φροντιστήριο Ξένων Γλωσσών

Βασιλική Τσιαλιαμάνη

Διπλωματική Εργασία υποβληθείσα στο Τμήμα Οικονομικών Επιστημών του Πανεπιστημίου Πειραιώς ως μέρους των απαιτήσεων για την απόκτηση Μεταπτυχιακού Διπλώματος Ειδίκευσης στην Οικονομική της Εκπαίδευσης και Διαχείριση Εκπαιδευτικών Μονάδων

Πειραιάς, Φεβρουάριος 2023

To my daughter,

Never let anyone convince you that
you can't fulfil your dreams…

Acknowledgments

I would like to thank everybody who contributed to this study with valuable comments and suggestions. I am also grateful to the many colleagues who discussed industry practices and shed some light into the inner workings of language schools. Finally, few words can describe my gratitude to my family, who have never lost their faith in me and had the tolerance to endure long hours of studying and working on my part. This thesis would not have materialised without them.

ESPERANTO: A Model Virtual Foreign Language School

Key Words: business plan, virtual, foreign, language school, market

Abstract

This thesis will focus on a business plan for a model virtual language school ("Esperanto") that aims to offer high-quality language courses in order to break down language barriers.

The thesis will delve into the major factors that can make Esperanto a leader in the online language education market, such as its unique vision and character, in-depth market analysis, an innovative marketing strategy, sound financial analysis and above all, talented human capital.

ESPERANTO: Ένα Πρότυπο Διαδικτυακό Φροντιστήριο Ξένων Γλωσσών

Σημαντικοί Όροι: επιχειρηματικό σχέδιο, διαδικτυακό, ξένες, γλώσσα, αγορά

Περίληψη

Η διπλωματική αυτή εργασία θα εστιάσει σε ένα επιχειρηματικό σχέδιο για ένα πρότυπο διαδικτυακό φροντιστήριο ξένων γλωσσών («Esperanto») που έχει ως στόχο να προσφέρει μαθήματα γλωσσών υψηλής ποιότητας έτσι ώστε να καταρρίψει κάθε γλωσσικό φραγμό.

Η εργασία εμβαθύνει στους κύριους παράγοντες που μπορούν να κάνουν το Esperanto να ηγηθεί στην αγορά διαδικτυακής γλωσσικής εκπαίδευσης, όπως το καινοτόμο όραμά και ο χαρακτήρας του, η εκ βαθέων ανάλυση της αγοράς, η πρωτοποριακή στρατηγική μάρκετινγκ, η εμπεριστατωμένη οικονομική ανάλυση και πρωτίστως, το ταλαντούχο ανθρώπινο κεφάλαιο.

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1. INTRODUCTION

We live in a globalised world, where ease of travel has diminished borders and the internet has opened new opportunities for commerce and broken down cultural barriers. The ability to communicate effectively is of paramount importance and command of foreign languages can give a competitive edge in the career market and broaden one's horizons.

Learning a foreign language can also improve cognitive abilities, such as memory, problem-solving and multitasking. Studies have demonstrated that multilingual individuals tend to have a better understanding of their own language and culture, as well as a greater appreciation for diversity. (Belkmir, 2020)

Nonetheless, despite the proven benefits of learning foreign languages, widespread adoption remains challenging. A major challenge is the lack of time, as many individuals are already busy with work, education and other personal obligations. Another challenge is the cost of learning under the traditional face-to-face language school framework, as is the difficulty of finding qualified and effective teachers and finding materials and resources in the target language. (Bartram, 2012)

Overall, foreign language learning is a valuable skill that can open up new opportunities and enrich one's life, yet it is important for society to address the barriers that prevent individuals from pursuing such education and overcome the limitations of the current system.

2. THEORETICAL BACKGROUND

2.1. Distance Learning

Distance learning is an educational mode where students do not physically attend classes in a traditional classroom setting. Instead, they access course materials, interact with teachers and classmates and complete assignments online. The technology used for distance learning ranges from simple email communication to complex virtual learning environments that simulate a traditional classroom.

Distance learning can be a particularly convenient option for those who cannot attend traditional classes due to geographical constraints. However, it requires significant amounts of self-motivation, discipline, organisation and time-management skills, as students must take responsibility for their own learning.

Distance learning has become increasingly popular in recent years, as technological advances and affordability have made it easier for educators to deliver content and for students to access it. Students are provided with a flexible way to pursue their educational goals and advance their careers along with an invaluable experience of personal growth. (Zawacki-Richter and Jung, 2022)

2.2. E-learning Methods

Figure 2.1
Overview of E-learning Methods

Image Sources: https://kitaboo.com, https://online.stanford.edu/, https://elearningindustry.com, https://edtechreview.in, https://elearningindustry.com, https://assets.morningconsult.com, https://elearningimages.adobe.com

Electronic learning (e-learning) is the delivery of education and training through digital means. There are several e-learning methods, including:

- **Online Courses**: These can be self-paced or instructor-led courses that are delivered over the internet. They can be synchronous (real-time) or asynchronous (pre-recorded).

- **Video Conferencing**: This method enables live interaction between students and instructors through video and audio.

- **Gamification**: This involves using gaming elements, such as points, levels and rewards to engage and motivate learners.

- **Mobile Learning**: This refers to the delivery of educational content to mobile devices, such as smartphones and tablets.

- **Virtual Reality (VR) and Augmented Reality (AR)**: VR and AR technologies can be used to create immersive learning experiences.

- **Social Learning**: This entails using social media and collaboration tools to facilitate learning and knowledge sharing among learners.

- **Micro Learning**: This involves delivering bite-sized pieces of educational content, such as short videos or interactive quizzes, to support the learning process.

Each e-learning method has its own strengths and limitations and the best approach will depend on the learning goals, the target audience and the available resources. (Hilman, Schudy, Temkin 2020)

3. BUSINESS PLAN

3.1. Executive Summary

Figure 3.1
Esperanto's Mission Statement

Mission Statement: *To offer affordable, accessible, effective and enjoyable language courses that will empower individuals to achieve their personal and professional goals*

Source: Author

Esperanto's **vision** is to be a cutting-edge online language institution that offers affordable, high-quality language courses to students around the country and beyond. It aims to disrupt the foreign language school market in Greece and become a leader through innovative technology and a team of experienced language teachers committed to student success.

Esperanto's **unique selling proposition** is the combination of innovative technology to enhance the learning experience with a personal touch. It will use interactive lessons, virtual tutors, and gamified assessments to make language learning more engaging and effective,

while maintaining a human element throughout the learning journey. A particular focus would be intensive conversational courses tailored to employees in the Greek island tourism industry, who need to be able to communicate simply yet effectively in several languages with foreigners.

Esperanto's **target market** is students and professionals who wish to learn a new foreign language for work, study or personal interest. Esperanto will offer a variety of courses in popular languages such as English, French, German, Spanish and Chinese, as well as Greek courses for foreigners.

Esperanto's **marketing strategy** will focus on online advertising, social media campaigns, select 'brand ambassadors' and 'influencers' as well as partnerships with other educational and sporting organisations.

Esperanto projects that with tight **financial planning** and strict cost discipline, it will be able to break-even within four years.

3.2. Legal Form & Tax Residence

The choice of legal form depends on a variety of factors, including the location of the Esperanto's infrastructure, the legal & tax framework of the host country as well as the intended size of the business. Below are the main forms that a business could take:

- **Sole Proprietorship**: This is the simplest business structure, whereby a single person owns and operates the business. The owner is personally liable for all debts and obligations of the business.

- **Limited Liability Company**: In this business structure, the company is a separate legal entity owned by its shareholders. The shareholders appoint a board of directors to operate the company and are not personally liable for the debts and obligations of the business, as the company's assets and liabilities are distinct from their own. Money can be drawn in the form of salaries for the directors / employees or via distributions for the shareholders.

- **Partnership**: In this business structure two or more partners own and operate the business collectively. Partners are personally liable for all debts and obligations of the business.

4. MARKET ANALYSIS

4.1. PESTLE Analysis

Figure 4.1
PESTLE Overview
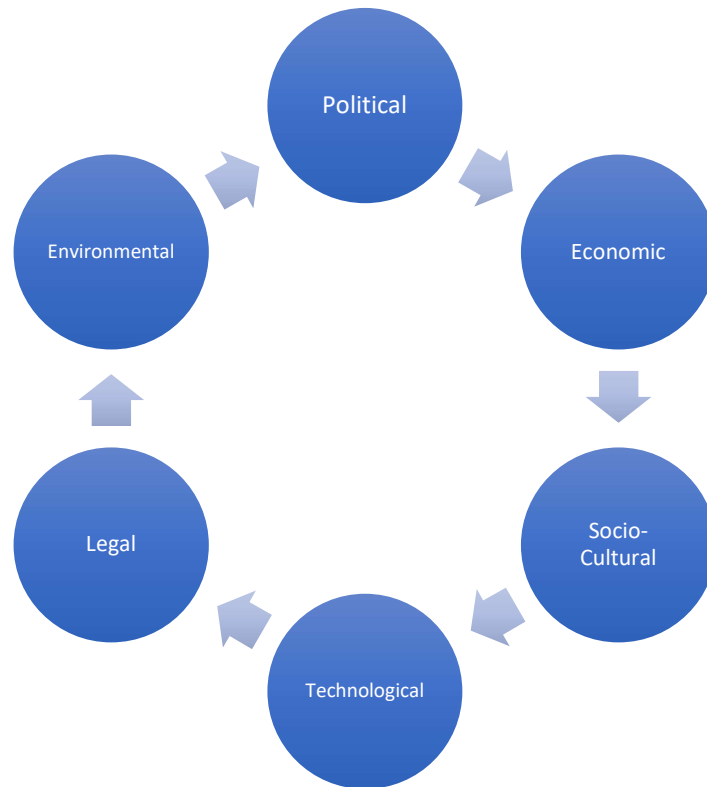
Source: Author

PESTLE analysis describes a framework of macro-environmental factors used in the environmental scanning of strategic management. PESTLE stands for Political, Economic, Socio-Cultural, Technological, Legal and Environmental factors that should be taken into consideration while conducting market research. (Wikipedia.org/wiki/PEST_analysis)

- **Political factors**: An examination of the political and regulatory environment in which the virtual foreign language school operates, including government policies, laws and regulations that may impact the business.

- **Government regulations and policies**: The government may implement regulations that require online language schools to meet certain standards in terms of the quality of their services or the privacy of student data.

- **Political stability**: Political stability can affect the online language school by impacting consumer confidence and the overall economic climate.

- **Economic factors**: An analysis of the economic conditions and trends that may affect the online language school, including inflation, interest rates, exchange rates and consumer spending patterns.

- **Economic growth**: Economic growth as well as the growth of digital economy can positively impact consumer spending and provide opportunities for the virtual foreign language school.

- **Inflation**: Inflation can impact the online language school by increasing operating costs and reducing consumer purchasing power.

- **Socio-Cultural factors**: A review of the cultural and social trends that may impact the virtual language school, including changing attitudes toward education, demographic shifts and cultural attitudes toward learning a second language.

- **Demographic Trends**: Refugees of war and asylum seekers represent a nascent market that needs to breach the communication barriers of the host country quickly so that they can be integrated in the society and economy.

- **Consumer attitudes and behaviour**: Consumer attitude and growing trend towards online lifelong learning and desire to acquire new skills.

- **Social values and norms**: Social values and norms, such as a growing emphasis on multiculturalism and diversity, can impact the online language school by fuelling demand for its services.

- **Technological factors**: An analysis of the technological trends and innovations that may affect the online language school, including advances in online learning platforms, artificial intelligence and virtual reality.

- **Development of new learning technologies**: The development of new learning technologies, online language-teaching platforms and use of mobile devices for online learning are increasing the accessibility and convenience of its services.

- **Availability of high-speed internet access**: The availability of high-speed internet access can impact the virtual language school by affecting its ability to deliver its services effectively.

- **Environmental factors**: An assessment of the environmental factors that may impact the online language school, including changes in climate, resource scarcity, and sustainability concerns.

- **Changes in climate**: Changes in climate can impact the online language school by affecting energy costs and the availability of natural resources.

- **Resource scarcity**: Resource scarcity can impact the online language school by affecting the cost of materials and energy.

- **Sustainability concerns**: The trend towards sustainability and reducing carbon emissions is driving demand for online learning as it eliminates the need for commuting to attend in-person language courses.

- **Legal factors**: An analysis of the legal and regulatory framework that may affect the online language school, including data privacy and security regulations, intellectual property laws and labour laws.

- **Data privacy and security regulations**: Data privacy and security regulations can impact the online language school by affecting its ability to protect student data and maintain consumer trust.

- **Intellectual property laws**: Intellectual property laws can impact online language schools by affecting their ability to safeguard their proprietary content and technologies.

4.2. PORTER Analysis

Figure 4.2
Porter's Five Forces Framework

Source: Author

Porter's Five Forces Framework is a method of analysing the operating environment of a competition of a business. It draws from industrial organisation (IO) economics to derive five forces that determine the competitive intensity and, therefore, the attractiveness (or lack) of an industry in terms of its profitability. (Wikipedia.org/wiki/Porter_five_forces_analysis)

I. **Threat of new entrants:** This considers the barriers to entry that may prevent new competitors from entering the market, such as high start-up costs, economies of scale and brand recognition.

In Esperanto, this threat is moderate since it is true that the market for online language learning is growing and there is a trend of new players entering the market. However, there are barriers to entry, such as the need for specialised software, content creation and teaching expertise.

II. **Threat of substitutes:** This evaluates the availability and ease of access to substitutes for the virtual language school's services, such as traditional classroom-based language courses, self-study materials and language learning apps.

It is considered particularly high due to the availability of in-person language classes, language learning apps, self-study materials and other online language learning platforms.

III. **Bargaining power of suppliers:** This considers the bargaining power of the suppliers of the online language school, such as the providers of online language-teaching platforms, the developers of language learning software and the authors of language teaching materials.

The bargaining power ranges from low to moderate, as Esperanto would need to negotiate with suppliers of teaching materials, technology platforms and instructional designers.

IV. **Bargaining power of buyers:** This evaluates the bargaining power of the virtual language school's clients, such as individuals and organisations that are keen on acquiring new foreign language skills. This power is rated high, as clients have a wide range of options for language learning services and can easily compare prices and features of different platforms.

V. **Rivalry among existing competitors:** This assesses the level of competition among existing virtual foreign language schools, including factors such as market share, brand recognition and the level of differentiation among the offerings.

Rivalry is definitely high since there is intense competition among existing players in the online language school market, including both new and established players.

The specific arguments used in a Porter's Five Forces analysis will depend on the particular online language school and its operating environment. The analysis should be tailored to the unique factors affecting the business and should be updated regularly to reflect any changes in the competitive environment.

4.3. VRIO Analysis

Figure 4.3
VRIO Framework

Source: Author

The **VRIO (Value, Rarity, Imitability, Organisation)** business analysis is a framework used to assess the internal resources and capabilities of a firm and determine whether they provide a sustained competitive potential. (Wikipedia.org/wiki/VRIO)

4.3.1. VRIO Value

Value refers to the extent to which an online language school's resources and capabilities can create benefits for its stakeholders. It is a crucial component in determining the overall value of a company's resources and capabilities.

The following factors may impact the value of Esperanto:

- **Quality of education:** The quality of education offered by a virtual foreign language school is a key factor in determining its value. High-quality education can help attract and retain students as well as build a strong reputation.

- **Effective teaching methods:** Effective teaching methods, such as innovative language assessment tools, can add value to the school by helping students learn more effectively.

- **Technology-driven delivery:** The use of technology, such as video conferencing software and online learning platforms, can be valuable to an online language school by making education more accessible and convenient for students.

- **Customised education plans:** Customised education plans, such as personalised language training programs, can add value to a virtual language school by providing students with a more tailored learning experience.

4.3.2. VRIO Rarity

Rarity refers to the extent to which a resource or capability is uncommon or unique among competitors.

In the case of Esperanto, the following factors may impact its rarity in the industry:

- **Proprietary technology:** The virtual language school may have developed its own language learning technology, which is not available to its competitors.

- **Highly qualified teachers:** The school may be comprised of a team of highly-qualified and experienced teachers, who are not easily replicable by its competitors.

- **Unique teaching methodologies:** Unique teaching methodologies may have been developed in Esperanto that differentiate it from its competitors.

4.3.3. VRIO Imitability

In the context of an online language school, **imitability** refers to the extent to which its resources and capabilities can be easily replicated by competitors. If a resource or capability is difficult to replicate, then it is considered to be inimitable.

The following factors may impact the imitability of Esperanto:

- **Proprietary technology**: If the online language school has proprietary technology for delivering language education, it can be difficult for competitors to replicate, making it an imitable resource.

- **Complex teaching methodologies**: Complex teaching methodologies or language assessment tools can be difficult for competitors to replicate.

- **Strong brand reputation**: A strong brand reputation can take years to build and can be difficult for competitors to imitate the school's success.

- **Strong partnerships**: Strong partnerships with language institutions, universities or language certification organisations can be difficult to compete and imitate.

- **Intellectual property protection**: If the virtual language school has protected its resources and capabilities through patents, trademarks or copyrights, it may make it difficult for competitors to imitate its offerings.

4.3.4.   VRIO Organisation

The VRIO **organisation** of a virtual foreign language school refers to the internal structure, systems and processes in place to manage and utilise its resources and capabilities effectively.

The following factors may impact the organisation of Esperanto:

- **Effective resource allocation**: The virtual language school must have strong financial management in place to ensure its long-term success. This includes effective budgeting, financial reporting and cost management.

- **Efficient processes**: Efficient processes for delivering language education and managing operations can help the online language school achieve its goals.

- **Strong organisational culture**: A strong organisational culture that supports innovation, continuous improvement and collaboration can help the school become even more competitive.

- **Skilled leadership**: The quality of leadership within a school can play a critical role in its success. Strong leadership can help guide the school in the right direction and make effective decisions.

4.4. SWOT Analysis

SWOT analysis is a tool used to identify the strengths, weaknesses, opportunities and threats of a business or organisation. It is a strategic planning tool that helps organisations understand their current situation and develop strategies for improvement. The acronym SWOT stands for: (Wikipedia.org/wiki/SWOT_analysis)

- **S - Strengths**: The internal characteristics of the organisation that give it an advantage over others.

- **W - Weaknesses**: The internal characteristics of the organisation that place it at a disadvantage relative to others.

- **O - Opportunities**: External factors that the organisation can take advantage of to improve its performance.

- **T - Threats:** External factors that may negatively impact the organisation's performance.

Figure 4.4
SWOT Framework

Source: Author

4.4.1.   Strengths

- **Convenient and flexible learning**: Online language schools offer students the ability to learn a new language from anywhere, at any time, making it a convenient and flexible option for those with busy schedules.

- **Wide range of language offerings**: A virtual foreign language school can offer a diverse range of language options, making it easier for students to find the language they want to learn.

- **Innovative teaching methods**: Virtual language schools may employ cutting-edge technology and teaching methods, such as virtual reality, gamification and personalised learning plans, to make language learning engaging and effective.

- **Experienced and qualified instructors**: Esperanto will have a team of experienced and qualified teachers, providing students with high-quality language instruction.

- **Competitive pricing**: Compared to traditional language schools, virtual language schools are able to offer more affordable language courses, making language learning accessible to a wider audience.

- **Strong brand reputation**: A well-established online language school can have a strong brand reputation in the market, attracting more students and contributing to its success.

- **Access to resources**: Esperanto may provide students with access to a wide range of learning resources, such as audio and video materials, online dictionaries and interactive activities, to enhance their language learning experience.

4.4.2.   Weaknesses

- **Limited face-to-face interaction:** The lack of physical interaction with instructors and classmates may limit students' ability to build relationships, practise their language skills and receive personalised feedback.

- **Dependence on technology:** A virtual language school is heavily dependent on technology, which may result in technical difficulties, such as internet connectivity issues or software malfunctions, disrupting the learning experience.

- **Competition:** The online language education industry is highly competitive, making it challenging for a virtual language school to stand out and attract students.

- **Quality control:** Maintaining consistent quality control can be difficult in a virtual language school, as it may be harder to monitor the teaching process and ensure that all students are receiving the same high-quality education.

- **Limited resources:** To run economically, an online language school may have limited resources compared to traditional language schools, making it challenging to invest in the development of new courses, technology and marketing initiatives.

- **Difficulty in building brand awareness:** Building brand awareness and establishing a strong reputation may be more challenging for Esperanto, as it may have limited opportunities for direct interaction with potential students.

- **Potential for low student engagement:** The online learning environment may not be as engaging for some students as a traditional classroom setting, leading to lower levels of student engagement and motivation.

4.4.3. Opportunities

- **Growing demand for online language learning:** As technology continues to advance and more people seek flexible learning options, the demand for online language learning is likely to grow.

- **Potential for new markets**: A virtual foreign language school has the potential to reach new markets, such as students in remote areas, where access to traditional language schools is limited or even students from all over the world, expanding its potential client base and increasing its revenue potential.

- **Development of new technologies:** The development of new technologies and advancements in virtual learning environments, such as virtual and augmented reality, can enhance the online language learning experience and increase student engagement.

- **Growing importance of language skills:** As the global economy becomes more interconnected, the importance of language skills is likely to continue to grow, which can fuel the demand for language education.

- **Increased focus on lifelong learning:** There is an increased focus on lifelong learning, which can drive demand for online language courses, as people seek to continue to develop their language skills throughout their lives.

- **Expansion of partnerships:** Esperanto may have opportunities to expand partnerships with businesses and organisations that require employees with language skills, providing a potential source of revenue.

- **Potential for customisation:** A virtual foreign language school has the potential to offer customised language courses tailored to the specific needs of students, which can increase student satisfaction and differentiate the online language school from its competitors.

- **Potential for online language testing and certification:** Esperanto may have the opportunity to offer online language testing and certification services, further expanding its offerings and revenue potential.

- **Increased need of online learning:** The COVID-19 pandemic has accelerated the shift to online learning, which may increase demand for virtual language schools in the future.

4.4.4.   Threats

- **Competition from established language schools:** The online language school may face competition from established language schools, which may have a more established reputation and a larger student base.

- **Quality of education:** The quality of education provided by the virtual language school may not be perceived as being on par with traditional language schools, leading to a decrease in student enrolment.

- **Dependence on technology:** Esperanto's success is heavily dependent on technology, which can be unreliable and prone to failure, disrupting the online learning experience and negatively impacting student satisfaction.

- **Regulation and accreditation issues:** The virtual foreign language school may face challenges in obtaining accreditation and meeting regulatory requirements, which can impact its credibility and ability to attract students.

- **Economic uncertainty:** Economic uncertainty, such as a recession or economic downturn, can negatively impact the demand for language education, reducing the number of students enrolled in the school.

- **Cybersecurity risks:** The virtual language school may face cybersecurity risks, such as hacking or data breaches, which can compromise sensitive student information and impact the school's reputation.

- **Intellectual property issues:** Esperanto may face intellectual property issues, such as copyright infringement, which can impact its ability to offer quality language courses and negatively impact its revenue.

5. PRODUCT & SERVICE OFFERING

Figure 5.1
Product & Service Offering Overview
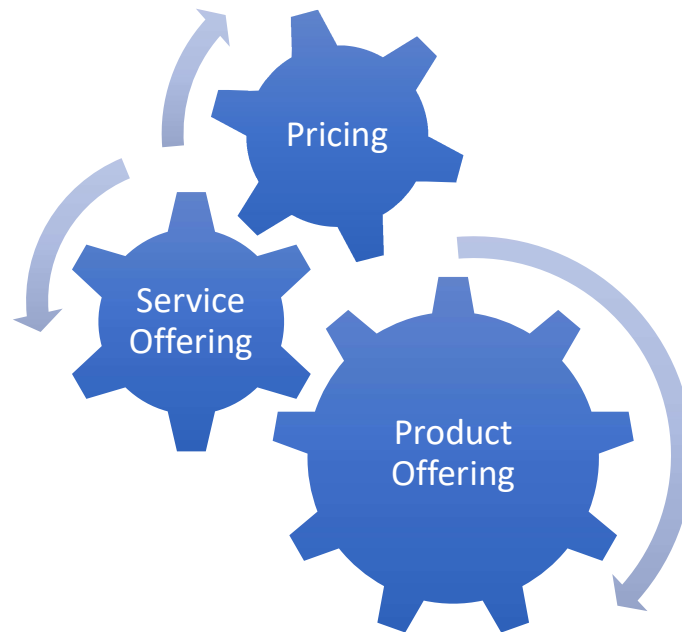
Source: Author

5.1. Product offering

The product offering of a virtual foreign language school is a key aspect of its success. By offering high-quality language courses and educational materials, the school can not only attract and retain students, but also establish a competitive advantage in the market.

- **Language courses:** The core product of an online virtual language school is language courses. These can range from beginner to advanced levels and cover various aspects of language learning, such as grammar, vocabulary, listening, speaking, reading, and writing.

- **Customised courses:** Virtual foreign language schools can also offer customised courses that cater to specific student needs, such as business language courses or exam preparation ones.

- **Tutoring and coaching:** Esperanto can also provide one-on-one tutoring and coaching services, where students can get personalised attention and feedback from a professional language instructor.

- **Conversation practice:** Language schools can offer conversation practice sessions to help students practise their speaking and listening skills with native speakers.

- **Culture and language immersion:** Language schools can also offer culture and language immersion programs that provide students with an opportunity to learn the language in a cultural context, such as a study abroad program or a cultural exchange one.

- **Language proficiency testing:** The virtual language school may also offer language proficiency testing to measure a student's level and track progress.

- **Resource materials:** Esperanto may provide access to language learning resources, such as textbooks and dictionaries, audio and video materials as well as online learning tools such as podcasts and quizzes.

5.2. Service Offering

The service offering of a virtual foreign language school refers to an important aspect that can differentiate the school from its competitors and enhance the overall student experience. By providing high-quality support and assistance, Esperanto can build trust and satisfaction among its students and foster long-term relationships with them.

- **Technical support:** The school may offer technical support to students to help them navigate the online platform and resolve any technical issues.

- **Student support:** The school may provide students with access to a dedicated student support team, who can assist with any questions or concerns related to their language learning.

- **Tutor support:** The school may offer support to its tutors, to ensure that they are able to deliver high-quality lessons and provide effective feedback to students.

- **Customised course plans:** The school may offer customised course plans to students to help them achieve their language learning goals in a way that suits their individual needs and learning style.

- **Certification and credentials:** Certificates or other credentials to students upon the completion of a course or a series of courses can be issued.

- **Career support:** The school may offer career support to students to help them find job opportunities that align with their language skills and interests.

- **Community and support:** Creating a community for students to interact with each other, share their experiences and seek advice from instructors and other students.

5.3. Pricing

When deciding on a pricing strategy, it is important to consider the cost of providing the service, the value it provides to students and the competition. A good pricing strategy should be competitive, transparent and sustainable. Offering different pricing plans, promotions and discounts can also help attract and retain students.

- **Subscription-based pricing**: This strategy charges students a monthly or yearly fee for access to a set number of lessons or courses. This approach is suitable for schools that offer a range of courses and levels.

- **Flat Rate:** Charging a flat rate for courses is a simple and straightforward pricing strategy. This involves charging a fixed fee for a specific course or package of courses. This pricing strategy is ideal for courses that have a set duration and a fixed curriculum.

- **Per-hour rate:** This pricing strategy charges students based on the number of hours they spend learning. The price per hour can vary depending on the language being taught and the level of instruction.

- **Tiered pricing:** This pricing strategy offers different tiers of pricing for courses. For example, a basic tier might include access to pre-recorded lessons, while a premium tier may offer live sessions with a dedicated tutor or personalised feedback on assignments.

- **Bundling pricing:** This strategy offers discounts for students who enrol in multiple courses or lessons. This approach can encourage students to enrol in more courses and improve retention.

- **Freemium:** Offering free or low-cost introductory courses can be an effective way to attract new students. Once students have completed the introductory course, they can be offered paid courses that offer more in-depth instruction and access to additional resources.

6. OPERATIONS

The operations of a virtual foreign language school involve managing the day-to-day activities of the school to ensure that it is running according to its high expectations.

- **Course scheduling:** The school will need to set up and maintain a course schedule that meets the needs of its students and instructors. This may involve setting up class times and dates, assigning instructors to courses and creating syllabi for each course.

- **Instructor management:** The school will need to manage its instructors to ensure that they are teaching effectively and efficiently. Monitoring their performance, providing feedback and support and addressing any issues that arise may be necessary.

- **Student management:** Esperanto will need to manage its students to ensure that they are receiving the support they need to succeed in their courses. This may involve providing technical support, academic support and counselling services as needed.

- **Curriculum development:** The school will need to develop and maintain its course content to ensure that it is up-to-date and aligned with industry standards. Working with subject matter experts and instructors to develop new course materials, as well as reviewing and revising existing materials, may be of paramount importance.

- **Quality assurance:** The school will need to monitor and assess the quality of its courses and services to ensure that they are meeting the students' needs. Student surveys and reviewing course evaluations should be conducted as well as the use of analytics to monitor student engagement and performance.

- **Technology management:** Esperanto will need to manage its technology infrastructure to ensure that it is reliable, secure and up-to-date. This may involve working with IT professionals to maintain and upgrade hardware and software systems, as well as ensuring that the school's website and other online platforms are functioning properly.
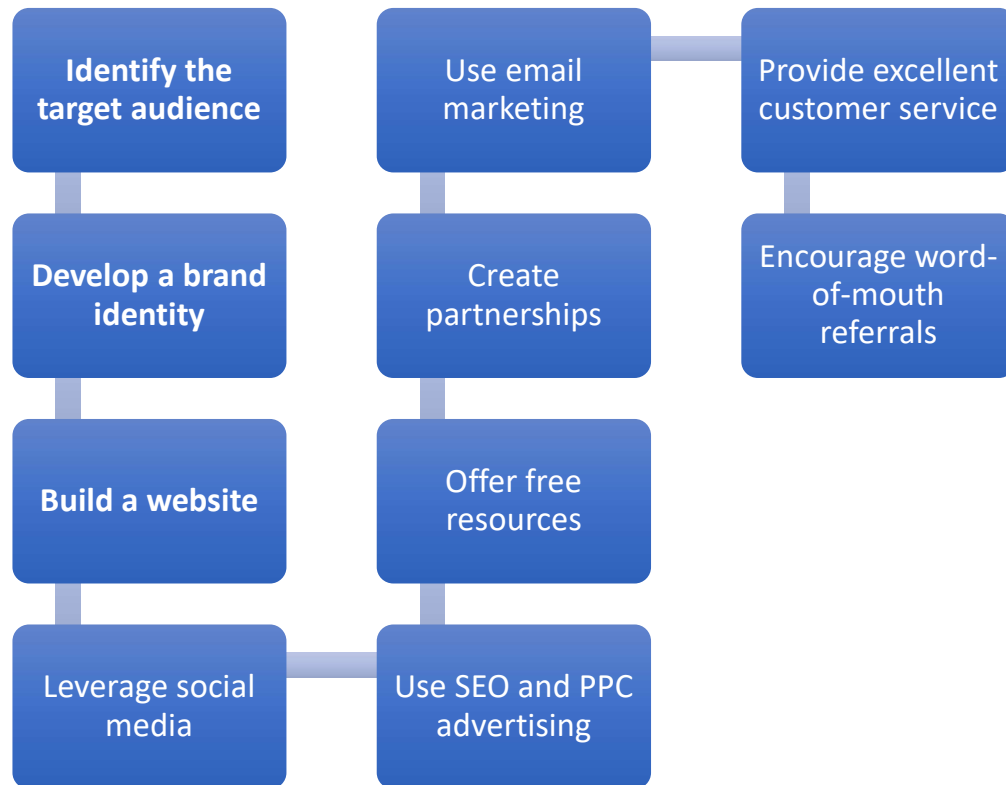
7. MARKETING & SALES STRATEGY

7.1. Marketing Strategy

Figure 7.1
Marketing Strategy Overview

Source: Author

The marketing strategy for a model virtual foreign language school should focus on building brand awareness, attracting potential students and providing excellent customer service to retain current students.

- **Identify the target audience:** Identify the target audience for the language courses, which could be students, professionals or organisations looking to upskill their workforce.

- **Develop a brand identity:** Develop a strong brand identity that reflects the school's values, mission and vision.

- **Build a website:** Build a user-friendly website that provides clear information about the language courses, the school's mission and the instructors.

- **Leverage social media:** Utilise social media platforms and engage educational influencers to promote the school's courses and engage with potential students.

- **Use SEO and PPC advertising:** Use search engine optimization (SEO) to improve the website's visibility on search engines and utilise pay-per-click (PPC) advertising to drive traffic to the website.

- **Offer free resources:** Offer free language resources such as e-books, webinars or sample lessons to attract potential students.

- **Create partnerships:** Create partnerships with other organisations, language schools or language exchange programs to enrich the learning experience.

- **Use email marketing:** Use email marketing to keep potential and current students informed about new courses, special offers and events.

- **Provide excellent customer service:** Provide excellent customer service to students, respond promptly to their inquiries and address any issues they may have.

- **Encourage word-of-mouth referrals:** Encourage satisfied students to refer others to the school through a referral program or other incentives.

7.2. Sales Strategy

Figure 7.2
Sales Strategy Overview
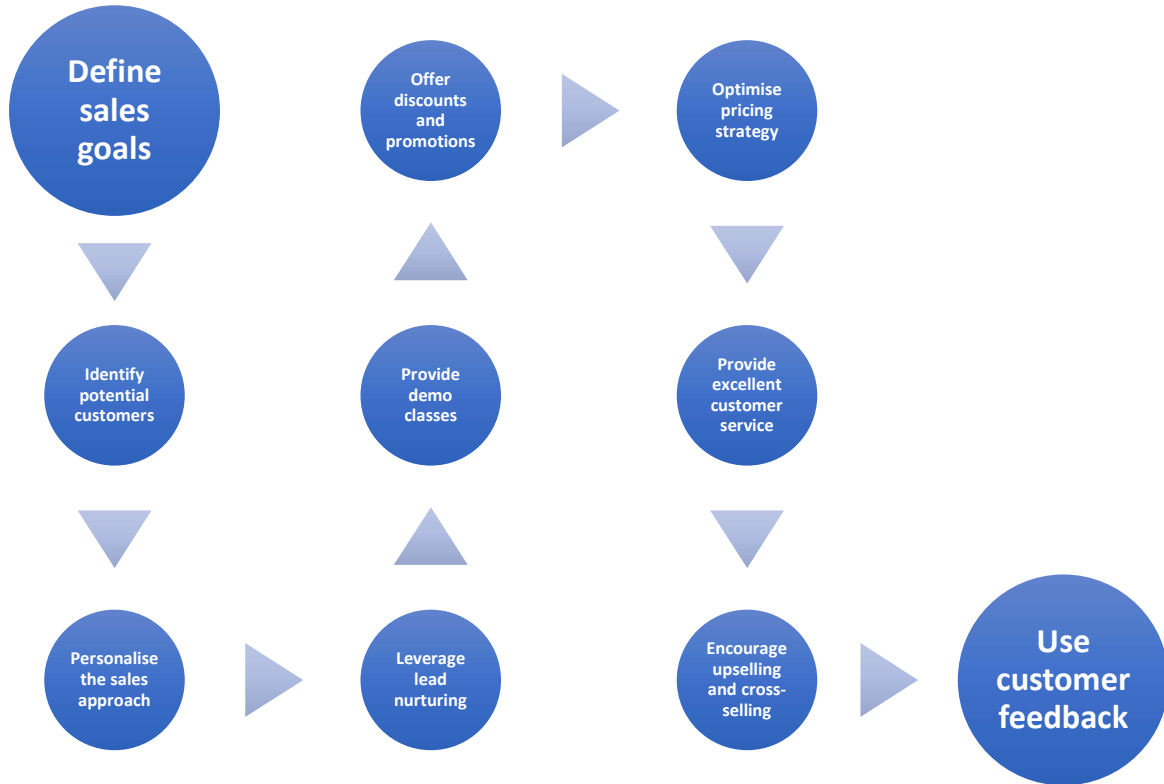
Source: Author

The sales strategy for an online language school should focus on building relationships with potential and current customers, personalising the sales approach and providing an excellent customer experience to drive sales and revenue.

- **Define sales goals:** Define specific sales goals and revenue targets for the language courses and develop a plan to achieve those goals.

- **Identify potential customers:** Identify potential customers and target them through marketing campaigns, partnerships and referrals.

- **Personalise the sales approach:** Personalise the sales approach to address the specific needs and goals of each potential client.

- **Leverage lead nurturing:** Implement lead nurturing strategies such as automated emails and follow-up calls to keep potential clients engaged and informed about the language courses.

- **Provide demo classes:** Offer demo classes or free trial periods to give potential students a taste of the language courses and the learning experience.

- **Offer discounts and promotions:** Offer discounts or promotions for early sign-ups, referrals and loyalty to attract and retain clients.

- **Optimise pricing strategy:** Optimise the pricing strategy to offer competitive pricing that reflects the quality and value of the language courses.

- **Provide excellent customer service:** Provide excellent customer service to students by responding promptly to their inquiries and addressing any issues they may have.

- **Encourage upselling and cross-selling:** Encourage customers to enrol in additional courses, purchase supplementary resources or participate in additional services.

- **Use customer feedback:** Use customer feedback to improve the language courses, adapt the sales strategy and enhance the learner's experience.

7.3. Channels

Figure 7.3
Channels Overview
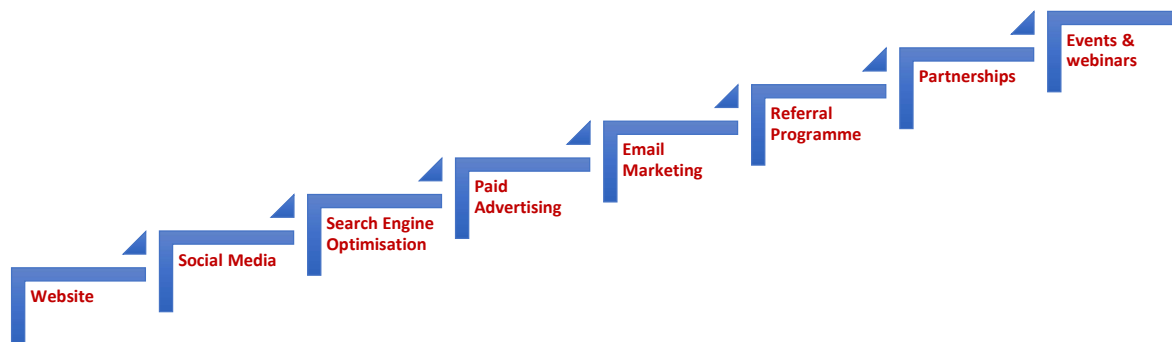
Source: Author

The channels for a virtual foreign language school should be designed to provide potential students with the information they need to make an informed decision about enrolling in language courses and to engage with them in a way that is convenient and effective.

- **Website:** The school's website should be the primary channel for providing information about the language courses, the instructors, pricing and other information that potential students might need.

- **Social media:** Social media platforms, such as Facebook, Instagram, LinkedIn and Twitter, can be used to build brand awareness, engage with potential students and promote the school's language courses.

- **Search engine optimization (SEO):** SEO can be used to improve the visibility of the school's website on search engines, such as Google, by optimising content and using relevant keywords.

- **Paid advertising: Pay-per-click (PPC)** advertising, such as Google Ads or social media advertising, can be used to drive traffic to the school's website and increase enrolment in language courses.

- **Email marketing:** Email marketing can be used to keep potential and current students informed about new courses, special offers and events.

- **Referral programs:** Referral programs can be used to encourage satisfied students to refer their friends and colleagues to the school.

- **Partnerships:** Partnerships with other organisations, language schools or language exchange programs can be used to attract potential students.

- **Events and webinars:** Hosting events or webinars can be used to provide potential students with more information about the school's language courses and instructors and give them a taste of the learning experience.

8. FINANCIAL PROJECTIONS

Financial projections for a virtual language school should include both revenue and cost projections over a period of at least three years. They should be regularly reviewed and updated to reflect changes in the business environment and performance. The following are some key elements to consider when creating Esperanto's financial projections:

- **Revenue projections:** Estimate the number of students and courses you expect to enrol each month and the price of each course. Project revenue based on these estimates.

Table 8-1
Revenue Calculations

Revenue	Annual	Students	Total Revenue (minus VAT)
Course Cost	**€ 1,000**	50	€ 40,323
Average Courses per Student	1	75	€ 60,484
		100	€ 80,645
Revenue per Student	€ 1,000	125	€ 100,806
Revenue (VAT inc.)	€ 1,000	150	€ 120,968
Revenue (minus VAT)	**€ 806**	175	€ 141,129
		200	€ 161,290
		225	€ 181,452
		250	€ 201,613
		275	€ 221,774
		300	€ 241,935

Source: Author's analysis

Table 8-2
Revenue Projections

Year of Operation	Students	Total Revenue
Year 1	100	€ 80,645
Year 2	125	€ 100,806
Year 3	150	€ 120,968
Year 4	175	€ 141,129
Year 5	200	€ 161,290
Year 6	225	€ 181,452
Year 7	250	€ 201,613
Year 8	250	€ 201,613
Year 9	250	€ 201,613
Year 10	250	€ 201,613

Source: Author's analysis

- **Cost projections:** Estimate the costs associated with running the virtual language school, including expenses for instructors, web development, marketing and administrative costs.

Table 8-3
Running Costs

Fixed Costs	Annual	Monthly
Rent	€ 18,000	€ 1,500
Electricity / Heating / Cooling	€ 6,000	€ 500
Accounting / Legal	€ 3,500	€ 292
Administration / Secretary	€ 10,000	€ 833
Business Insurance	€ 5,000	€ 417
Service Charges / Cleaning	€ 2,400	€ 200
Consumables	€ 4,800	€ 400
Total Fixed Running Costs	**€ 49,700**	**€ 4,142**

Variable Costs *(for 100 Students)*	Annual	Monthly
Teaching Personnel	€ 33,000	€ 2,750
Advertising	€ 5,000	€ 417
Platform Charges	€ 10,000	€ 833
Total Variable Running Costs	**€ 48,000**	**€ 4,000**

Total Running Costs	**€ 97,700**	**€ 8,142**

| Variable Cost Assumptions	
Advertising	min € 5,000 <u>or</u> 4% of Total Revenue (VAT inc.)
Teaching Personnel	33% of Total Revenue (VAT inc.)
Platform Charges per Student	€ 100

Source: Author's analysis

- **Gross margin:** Calculate the gross margin, which is the difference between revenue and cost, to determine the profitability of the language school.

- **Net income:** Calculate the net income by subtracting taxes and any other expenses from the gross margin.

Table 8-4
Revenue, Gross Margin and Net Income Calculations

Students	Revenue	Gross Margin	Net Income
50	€ 40,323	-€ 35,877	-€ 35,877
75	€ 60,484	-€ 26,466	-€ 26,466
100	€ 80,645	-€ 17,055	-€ 17,055
125	€ 100,806	-€ 7,644	-€ 7,644
150	€ 120,968	€ 768	€ 599
175	€ 141,129	€ 9,179	€ 7,160
200	€ 161,290	€ 17,590	€ 13,720
225	€ 181,452	€ 26,002	€ 20,281
250	€ 201,613	€ 34,413	€ 26,842
275	€ 221,774	€ 42,824	€ 33,403
300	€ 241,935	€ 51,235	€ 39,964

Source: Author's analysis

Figure 8.1
Net Income Sensitivity
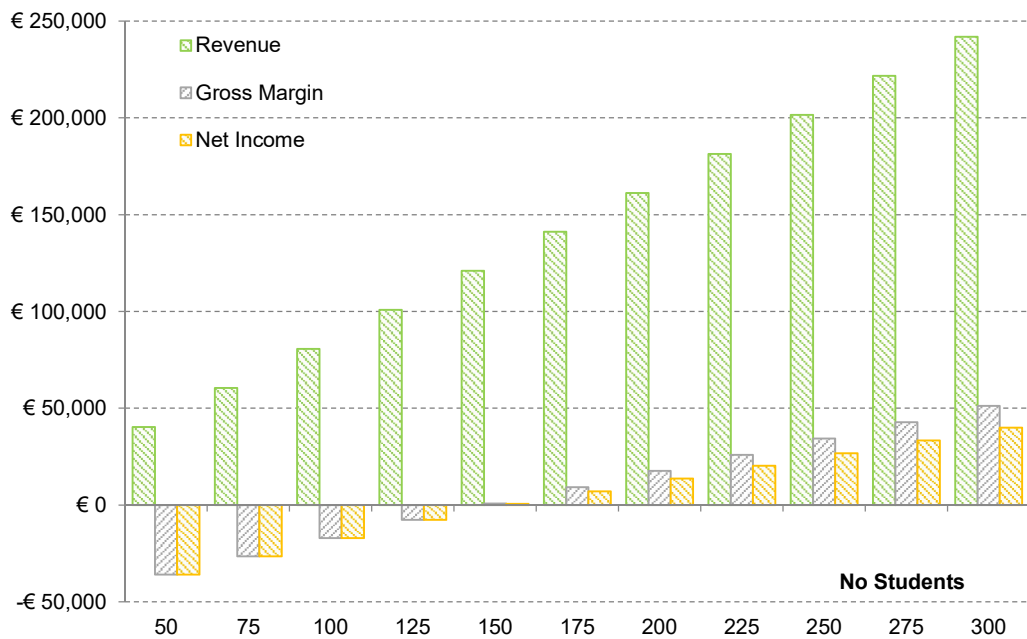
- **Break-even analysis:** Conduct a break-even analysis to determine how many courses and students need to be enrolled to cover the costs and achieve profitability.

Table 8-5
Break-Even Analysis

| Students	Revenue	Gross Margin	Net Income
147.7	€ 119,128	€ 0	€ 0

- **Cash flow projections:** Estimate the cash inflows and outflows over the period of the projection, including the cash requirements for any investment in the school.

Table 8-6
Cashflow Projections

Year	Students	Revenue	Running Costs	Net Income	One-Off Costs	Net Cashflow
Year 1	100	€ 80,645	-€ 97,700	-€ 17,055	-€ 45,000	-€ 62,055
Year 2	125	€ 100,806	-€ 108,450	-€ 7,644		-€ 7,644
Year 3	150	€ 120,968	-€ 120,200	€ 599		€ 599
Year 4	175	€ 141,129	-€ 131,950	€ 7,160		€ 7,160
Year 5	200	€ 161,290	-€ 143,700	€ 13,720		€ 13,720
Year 6	225	€ 181,452	-€ 155,450	€ 20,281		€ 20,281
Year 7	250	€ 201,613	-€ 167,200	€ 26,842		€ 26,842
Year 8	250	€ 201,613	-€ 167,200	€ 26,842		€ 26,842
Year 9	250	€ 201,613	-€ 167,200	€ 26,842		€ 26,842
Year 10	250	€ 201,613	-€ 167,200	€ 26,842		€ 26,842

Source: Author's analysis

Figure 8.2
Cashflow Projections
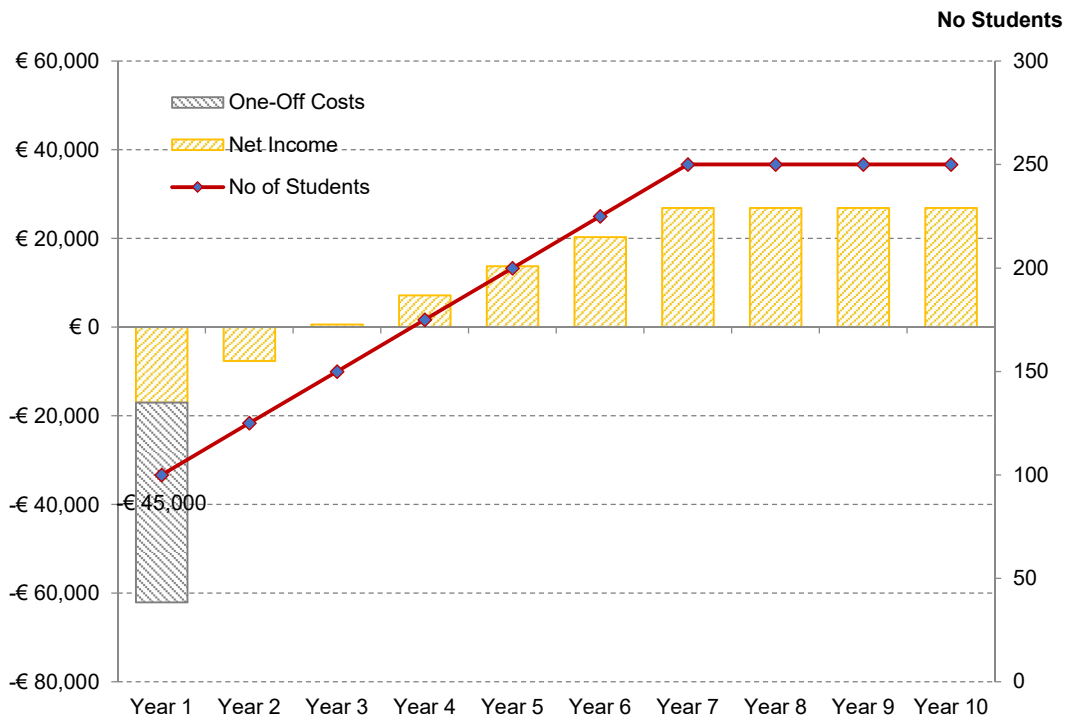
Source: Author's analysis

- **Investment requirements:** Determine the amount of investment required to start and run the language school until it achieves profitability.

Table 8-7
Upfront Costs

| One-Off Costs	Upfront
Company Set-up Cost	€ 2,000
Property Leasing Cost	€ 5,000
Architect	€ 2,000
Contractor	€ 20,000
Equipment - Furniture	€ 5,000
Equipment - IT	€ 6,000
Equipment - AirCon	€ 5,000
Total One-Off Costs	**€ 45,000**

Source: Author's analysis

- **Sensitivity analysis:** Conduct a sensitivity analysis to determine the potential impact of changes in the key assumptions on the financial projections.

Table 8-8
Cost & Revenue Sensitivity

Students	Fixed Costs	Variable Costs	Total Costs	Revenues	Revenues - Fixed Costs
50	€ 49,700	€ 26,500	€ 76,200	€ 40,323	-€ 9,377
75	€ 49,700	€ 37,250	€ 86,950	€ 60,484	€ 10,784
100	€ 49,700	€ 48,000	€ 97,700	€ 80,645	€ 30,945
125	€ 49,700	€ 58,750	€ 108,450	€ 100,806	€ 51,106
150	€ 49,700	€ 70,500	€ 120,200	€ 120,799	€ 71,099
175	€ 49,700	€ 82,250	€ 131,950	€ 139,110	€ 89,410
200	€ 49,700	€ 94,000	€ 143,700	€ 157,420	€ 107,720
225	€ 49,700	€ 105,750	€ 155,450	€ 175,731	€ 126,031
250	€ 49,700	€ 117,500	€ 167,200	€ 194,042	€ 144,342
275	€ 49,700	€ 129,250	€ 178,950	€ 212,353	€ 162,653
300	€ 49,700	€ 141,000	€ 190,700	€ 230,664	€ 180,964

Source: Author's analysis

Figure 8.3
Net Income Sensitivity
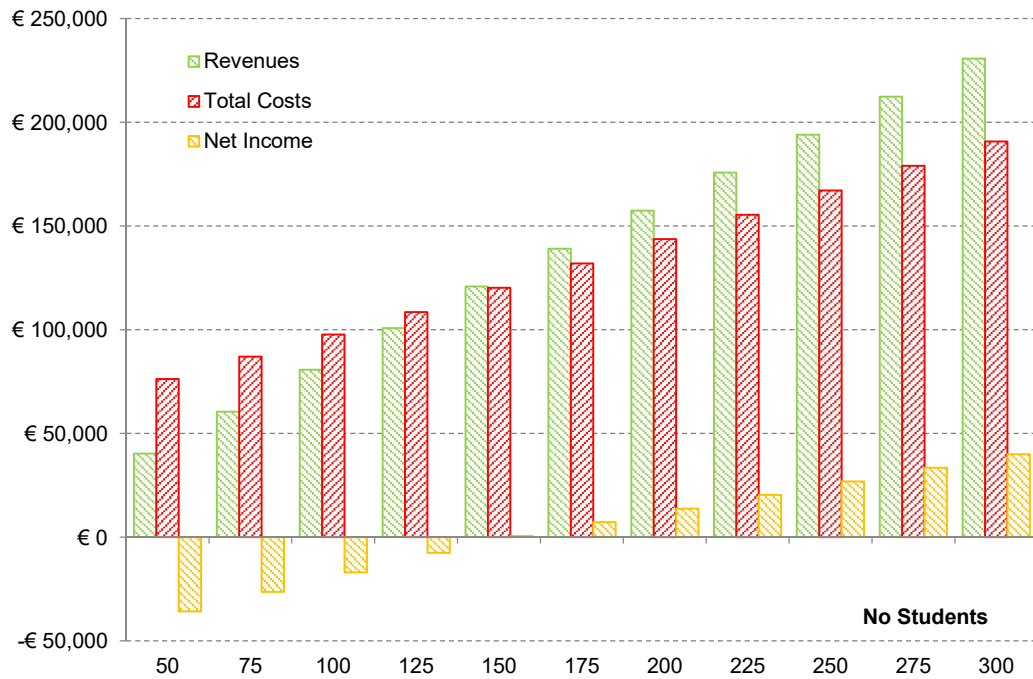
Source: Author's analysis

- **Scenario analysis:** Consider different scenarios that may affect the financial performance of the language school, such as changes in pricing, market conditions or enrolment.
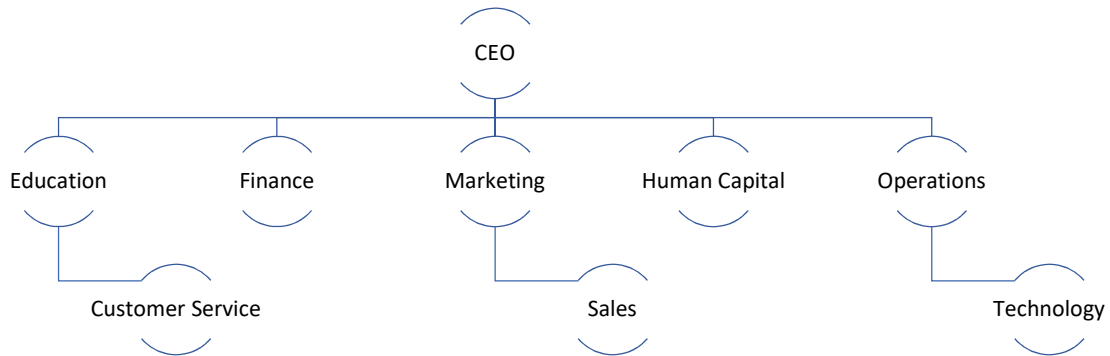
9. LEADERSHIP TEAM

A strong and competent leadership team is essential for the success of a model virtual foreign language school. The team should be composed of adept individuals with expertise in their respective areas. They should work together to achieve the goals of the language school and ensure its success and growth. The following are the key roles that should be included:

- **Founder / CEO:** The founder / CEO is responsible for the overall direction and management of the language school. They should have experience in the education industry and possess strong leadership skills.

- **Director of Education:** The Director of Education is responsible for the development, implementation and management of the language courses. They should have extensive experience in teaching, curriculum development and program management.

- **Marketing Director:** The Marketing Director is responsible for developing and implementing the marketing strategy, brand management and customer acquisition. They should have experience in marketing, branding and digital marketing.

- **Sales Director:** The Sales Director is responsible for developing and implementing the sales strategy, managing the sales team and meeting revenue targets. They should have experience in sales, customer service and relationship management.

- **Technology Director:** The Technology Director is responsible for the development and management of the technology infrastructure of the language school. They should have experience in software development, technology management and IT operations.

- **Financial Director:** The Financial Director is responsible for managing the financial aspects of the language school, including budgeting, forecasting and financial reporting. They should have experience in accounting, financial management and business analysis.

- **Customer Service Director:** The Customer Service Director is responsible for managing the customer service team, ensuring high-quality customer service and handling customer complaints. They should have experience in customer service, communication and problem-solving.

- **Operations Director:** The Operations Director is responsible for the day-to-day operations of the language school, including logistics, facilities management and vendor management. They should have experience in operations management, project management and supply chain management.

- **Human Capital Director:** The Human Capital Director is responsible for managing the recruitment, onboarding, training, and retention of the language school's staff. They should have experience in human resources management, employee relations training and development.

CONCLUSION

Esperanto Virtual Language School is a profitable and scalable business opportunity that leverages technology to deliver a high-quality educational experience to a growing global market, overcoming traditional language school limitations and capitalising on the increasing demand for multilingual skills in every field of life.

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