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INDUSTRIAL ENGINEERING COURSE



**STRATEGIC PLANNING AS A TOOL FOR DECISION MAKING AT AN ENGLISH  
LANGUAGE SCHOOL: A CASE STUDY**

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Thiago da Silva Lopes

**STRATEGIC PLANNING AS A TOOL FOR DECISION MAKING AT AN ENGLISH  
LANGUAGE SCHOOL: a case study**

Undergraduate thesis presented to Universidade Federal  
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Academic Advisor: D. Sc. Thiago Gomes de Lima

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Thiago da Silva Lopes

Undergraduate thesis sent to professors of Universidade Federal do Rio de Janeiro as part of the necessary requirements for getting the degree at Industrial Engineering course

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“Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat. If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat.” Sun Tzu

*"I can do all things through Christ which strengthens me." Philipians 4:13*

## **ABSTRACT**

Strategic Planning has been used since 1950 in the business world. It went through many different transformations so that it does not become old fashioned. In his research, key factors to build up an assertive strategic planning will be analyzed, for instance, industry data, company records and government issues. A good strategic planning may drive the company way quicker and more accurate towards its mission and vision established by the company itself. The main objective of this research is to analyze through case study methodology how a language English school makes its own strategic planning using tools used at strategic management, such as: SWOT Analysis, Balanced Scorecard (BSC) and Strategic Map, 5W2H, Business Model Canvas, Five Forces of Porter, and Income and Balance Statement. Some key initiatives were found recommended for the company studied, for instance: internationalization, development of own material, and development of technology regarding the metaverse so that a broader share of market can be tackled. It was concluded that the company uses the strategic planning tools, especially, to pivot whenever necessary despite the competitive language learning market. The study showed two of the tools were more used towards the strategic planning development, that was, the SWOT Analysis and the Balanced Scorecard. It was also identified that the 5W2H tool could have been used even more once the action plan was defined it is considered to be a stage of great relevance for the strategic planning.

Keywords: Strategic Planning, English Language School, SWOT, Canvas, Balanced Scorecard

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## 1 INTRODUCTION

According to the Brazilian Small Business Support Service (SEBRAE, 2017), 24.4% of companies in Brazil shut down their operations within 2 years of operation, however, when this timeline is expanded for 5 years of operation, this rate goes up to 50%. It got to the conclusion this high rate of bankruptcy was reached due to a couple of facts regarding the entrepreneurs: 46% had no idea of the number of clients that would have the consumption habit proposed by the company, 39% had no idea of the necessary cashflow to start the operation, 38% had no clue of their competition, 37% did not know the best location to start it up, 33% had no information regarding their own suppliers, 32% did not know anything regarding the legal issues involving the operation, 31% did not know how much money would be necessary to invest in the company, and 18% had no clue of the qualifications for the workforce. 55% did not plan anything at all, nevertheless, 49% understood that a good planning is a deal breaker to start an operation. A well-made strategic planning may contribute to minimize the problem, hence maximizing results.

Formal strategic planning with its modern design characteristics was first introduced in business firms in the mid-1950s. At the time, it was essentially the largest companies that developed formal strategic planning systems – they were called long-range planning systems. Since then, formal strategic planning has matured until virtually all large companies around the world have some sort of system and an increasing number of smaller companies are following the example of larger companies (STEINER, 1997).

Strategic competition can be thought of as the process of perceiving new positions that woo customers from established positions or draw new customers into the market. For example, superstores offering depth of merchandise in a single product category take market share from broad-line department stores offering a more limited selection in many categories. Mail-order catalogs pick off customers who crave convenience. In principle, incumbents and entrepreneurs face the same challenges in finding new strategic positions. In practice, new entrants often have the edge (PORTER, 2008).

The Business Model Canvas proposed by Osterwalder (2010) challenges the *status quo* of traditional businesses plans giving agility and making it a very fast changeable artifact as a business overview. Strategic planning joins forces with it so as to

not become an old-fashioned tool, but to deliver a modern strategic planning for the 21<sup>st</sup> century.

A lot of researchers have been digging into this theme of Strategic Planning for now. George *et al.* (2019) study states the strategic planning impact is positive, moderate, and significant on organizational performance, especially, when it is measured as effectiveness and as formal strategic planning across countries and sectors (private and public). Alosani, Yusoff e Al-Dhaafri (2020) also study the effects of strategic planning and innovation on the organizational performance of Dubai police as a decision tool on how it can be applied to maximize results of organizations.

Dutton and Duncan (1987) propose that organizational decision-makers exist in a market for strategic issues where different internal and external trends and developments compete for decision-makers' attention. They describe how an organization's strategic planning process affects the set of strategic issues that do capture decision-makers' attention. They explain how characteristics of the strategic issue array translate into effective and timely initiation and implementation of strategic change.

Rudd *et al.* (2008), extend the debate regarding the relationship between strategic planning and performance. They address criticism of previous empirical studies that have largely investigated direct and bi-variate relationships, producing equivocal results. They investigate the mediating effects of four types of flexibility on the strategic planning and performance relationship. Flexibility is defined as the extent to which new and alternative decisions are generated and considered in strategic planning, allowing for positive organizational change and adaptation to environmental turbulence. Through investigating simultaneous equations in a structural equation model, they found that two types of flexibility mediate the relationship between strategic planning and financial performance, while the other two types mediate the relationship between strategic planning and non-financial performance. The results are new empirical insights that have not been previously reported.

Giving the facts just presented, the correct selection of tools for the strategic planning is of great relevance. In some niches, like education or language learning, for instance, it may help, specially, the strategic level of a company when it comes to decision

taking. Thus, this research will be about a real case study regarding the strategic planning at an English language school.

## 1.1 GENERAL OBJECTIVE

The main objective of this research is to analyze through case study methodology how an English language school makes its own strategic planning using tools used at strategic management.

### 1.1.1 Specific Objectives

- Contextualize strategic planning and its main tools
- Present strategic planning when it is a necessary tool for schools
- Analyze through a real case the implementation of strategic planning tools at an English language school

## 1.2 JUSTIFICATION

According to Ashworth (2010) and Porter (2008), a good strategic planning will give an extremely important competitive advantage for companies. Since the company studied had not developed a strategic planning yet, it is very resourceful for the company to carry on all the actions that it plans to develop as a more assertive radar towards success. This study also supports the discussions around strategic planning for education companies that most of them do not know how to handle it as of Yaakob *et al.* (2019) explains. It shows how practical it is for an education company it is to come up with a strategic planning. Without this contribution, the company may end up pathless or roaring towards the wrong direction likewise it happens to many small businesses as Donald and Auken (1985) point out.

The company studied developed an initial strategic planning. This research will have a critical analytical contribution regarding the available planning, still, it may be used

as one more tool that will help management decision taking. Not to mention that it was not found many researches on English language school, then, it will be a great study for the niche of language schools.

According to the Brazilian Small Business Support Service (Sebrae) through Agência Brasil (2021), the bankruptcy rate of small businesses in Brazil is around 21.6% after five years of existence. It also states that this low rate of, what it calls “survival rate”, is strictly bonded with the business leaders’ expertise regarding management, experience and knowledge of the niche. Furthermore, analyzing the strategic planning tools is found pretty handy once this scenario is taken into consideration.

Therefore, it is found to be relevant and prevailing the study of strategic planning and its effects on businesses.

### 1.3 PERSONAL MOTIVATION

I, as a researcher, industrial engineer undergraduate student, and entrepreneur, am driven by practical impact in our society. I believe that healthy companies mean a healthy society since the money that the government uses to provide basics services comes from taxation that are paid by companies and individuals employed by those very companies. I, personally, consider companies the foundation of the economic system the feeds the whole population.

Therefore, working towards this target of taking part in this process of having healthy companies is translated into more jobs, consequently, less poverty and hunger in the world. Seneca, one of the most known philosophers quoted the following sentence: “No wind blows in favor of a ship without direction”. Thus, putting the companies’ rudders towards the right direction is the same thing as having the right strategic planning to sail straight forward the main goal of any company, that is, success.

I am, personally, excited when it comes to formulating strategies since the first time I played a board game named WAR. Then, why not transform that drive into real change and impact in our world? That is how I would put my personal motivation for developing this study.



## 1.4 RESEARCH STRUCTURE

This study is taken according to the following sequence: on the first topic it was presented the introduction to this very study, how the theme is being approached in the world, both the general and the specific objectives, the justification of this research along with the author's personal motivation to develop it.

On the second topic, it will be presented all the theoretical background that supports the study. Starting from the strategic planning concept, its relevance, approaches that are taken for it, and how it emerged in the world. Secondly, there are the tools which were used so as to arrive to a common assertive ground for the strategic planning formulation; they are as follows: SWOT Analysis, 5W2H, Five Forces of Porter, Business Model Canvas, Balanced Scorecard and Strategic Map, and Income and Balance Statement for financial forecasting of the operation. It will also be found two cases of strategic planning applied on schools which will state how helpful it can be for taking decisions towards the future of an education company in different countries.

On the third topic, it will be presented the methodology that was used to carry out the research, that is, study case is shown on how it helps the objectives of the research to be achieved.

On the fourth topic, there is the presentation of the company studied within this research. This topic tells a little bit of this company's history, how it was founded, the awards that were granted to it, how it had been carried out, its differentials, and also how the board of directors sees its future, its goals and achievements.

On the fifth topic, the results after using the tools for the strategic planning will be found. There is the comparison from what was expected according to the theoretical background and what was really achieved through the application of the tools.

Therefore, the discussions and final remarks will be found on the last topics that aim to relate the impact of the study on the company according to its expectations and how that tool empowers the company to take decision.

## 2 THEORETICAL BACKGROUND

Many authors reinforce the necessity of tools to make the strategic planning the more assertive possible. Manteghi and Zohrabi (2011), for example, propose a framework for formulating strategy as a hybrid of SWOT matrix, Balance Scorecard, Porter's generic strategies, and Fuzzy quality function deployment. In this article a couple of tools will be used so that the studied company may achieve a great strategic planning, e.g., SWOT analysis, 5W2H, Five Forces of Porter, Business Model Canvas, Balanced Scorecard and Strategic Map, and Income and Balance Statement.

This chapter aims to explain the theoretical basis that made this study a feasible one. It will be started by defining Strategic Planning, how it was born, and how largely it has been used. Then, it will be stated the tools that make it more assertive as follows: SWOT Analysis, Balanced Scorecard (BSC) and Strategic Map, 5W2H, Business Model Canvas, Five Forces of Porter, and Income and Balance Statement.

### 2.1 STRATEGIC PLANNING

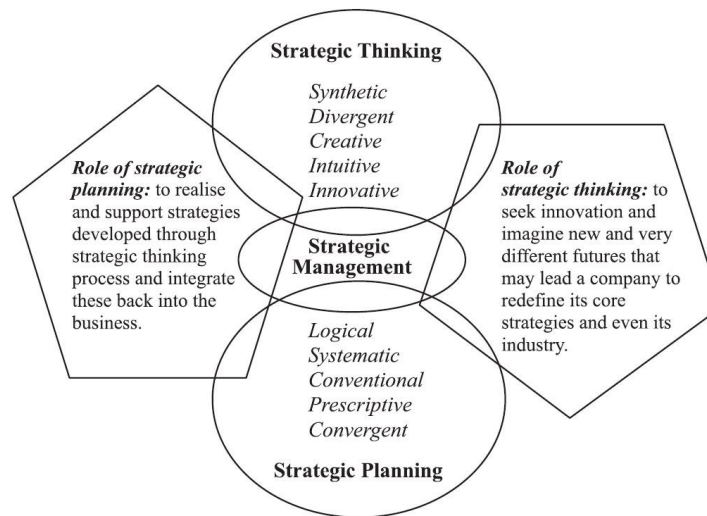
Steiner (1997) defines Strategic Planning as combination of many other words, for instance: corporate planning, comprehensive management planning, total overall planning, long-range planning, formal planning, comprehensive integrated planning, corporate planning, and strategic planning. He also states that it is the systematic identification of opportunities and threats that lie in the future. Moreover, it is a process that begins with the setting of organization aims, defines strategies and policies to achieve them, and develops detailed plans to make sure the targets defined beforehand are properly achieved. To top it off, he considers it an attitude, a way of life since it requires dedication and deep involvement from many peers and departments of the company.

According to Ashworth (2010), strategic planning is intended to be explicit, rational, rigorous, and systematic. Then, it should go over four stages that are: goal clarity, analysis of the organization, performance targets, and formality.

Graetz (2002), highlights an important discussion that is the strategic thinking necessary to build up the strategic planning. She affirms the ability to think strategically

provides another dimension to the process of strategy making. Thus, the types of profiles of the personnel that is going to be involved in the process of strategy planning is a deal breaker. By converging strategic thinking and strategic planning, strategic management is achieved as it is seen on Figure 1:

**Figure 1:** Strategic thinking and planning



Source: Graetz, 2002

The Life Time Assessment Test (LTAT) plays a big role when it comes to identifying the best profiles to have a great fit with the strategic planning drawing according to Graetz (2002) due to the fact that it is a measure of individual brain/ behavioral styles that provides a good result of an individual's creativity, how good the individual is to work under pressure, and preferred behavioral style. Behavioral groups are disposed as follows (having the right or left part of the brain as the dominant the most part of the time it is put into action) as it is seen on Figure 2:

**Figure 2:** Characteristics of the LTAT quadrants

<p><b>Upper left quadrant:</b> <i>Producer</i></p> <p>Rational Quantitative Logical Critical Analytical</p>	<p><b>Upper right quadrant:</b> <i>Imaginist</i></p> <p>Conceptual, intuitive Holistic Integrative Synthesising Tolerates ambiguity</p>
<p><b>Lower left quadrant:</b> <i>Analyst</i></p> <p>Organised Sequential Reliable, timely Structured Eye for detail</p>	<p><b>Lower right quadrant:</b> <i>Teamist</i></p> <p>Emotional Sensitive Expressive Supportive</p>

Source: Graetz, 2002

Gray (1986) also agrees on the idea that strategic planning is not an extra managerial duty, but a way of thinking. He reinforces that strategic management uses strategic planning to run a business and control operations through six methods to increase productivity and performance: involve line managers, define business unit, move beyond general goals, make more detailed action plans, manage the face off, and integrate plans and controls.

Therefore, common problems ended up coming up when these six methods were not properly followed: poor preparation, faulty definition of business units, vaguely formulated goals, inadequate information bases for action planning, badly handled review of business unit plans, and inadequate linkage of strategic planning with other control systems according to Gray (1986).

Another very important aspect of the strategic planning that must not be ignored or forgotten is creation of scenarios. A scenario is a set formed by the description of a future situation and the course of events that enables one to progress from the original situation to the future situation. The word scenario is often abused, especially when used to describe any set of hypotheses. Of course, these hypotheses must simultaneously be pertinent, coherent, plausible, important, and transparent to meet all our criteria (GODET, 2000). He highlights 2 major categories of scenarios: exploratory (starting from past and

present trends and leading to likely futures) and anticipatory or normative (built on the basis of alternative visions of the future that may be desired or, on the contrary, feared.

Some very crucial tools are used when it comes to creating a strategic planning that aims to help out the company take decisions on a regular basis. That is what will be explained in the following topic.

## 2.2 Strategic Planning Tools

Here it will be explained how relevant the following strategic planning tools are for the duly study: SWOT Analysis, Balanced Scorecard (BSC) and Strategic Map, 5W2H, Business Model Canvas, Five Forces of Porter, and Income and Balance Statement.

### 2.2.1 SWOT Analysis

SWOT Analysis (short for strengths, weaknesses, opportunities, threats) is a business strategy tool to assess how an organization compares to its competition (TEOLI *et al.*, 2019). According to Teoli (2019), it can be used in the business world and it can also be applied to the individual-level to work as some sort of radar to a person regarding herself and the competition around her.

Strengths in the SWOT analysis are internal capabilities and positive factors of business establishments, which are relevant for firms to achieve their objectives and serve their customers, efficiently. Weaknesses are internal factor or constraints which might impede or hinder the performance of an organization. Opportunities in the SWOT analysis are factors or features which can favor or facilitate the business establishments with links outside organizations. They are external factors through which companies can exploit to take advantages. Threats deal with negative factors external to the company, which can hinder or delay achievable goals (EASTWOOD *et al.*, 2016).

SWOTs are often arranged in a 2-by-2 table or matrix, with internal enhancers of performance categorized as strengths and internal inhibitors as weaknesses (LEIGH,

2009). It may also have applications within appreciative inquiry, benchmarking, industry analysis, situation analysis, and scenario planning.

According to Namugenyi (2017), a couple of steps need to be considered so that the SWOT analysis may take place. It is as follows:

- Choose objective of SWOT analysis
- Examine the business, industry, and market situations
- Identify and list the business's strengths
- Categorize and list business and or industry weaknesses
- Classify and list potential opportunities in various business and industry perspectives
- Organize and list potential threats of businesses that represent multiple industries
- Ascertain priorities from SWOT elements and their analysis
- Build and improve a strategy to address the issues and challenges of SWOT in multiple industry contexts

### 2.2.2 5w2h

5W2H is a worksheet used in the construction of the plan of action to solve prioritized problem (MORAIS *et al.*, 2015). According to Silva *et al.* (2017), the worksheet is divided into columns and lines, each column is titled by question words used in the English language:

- Why? → it explains the reason that action is required
- What? → it states what the nature of the action is
- Who? → it highlights the person/ department in charge of carrying out that very action
- When? → it gives the date that the action is taking place
- Where? → it points out the location the action will happen
- How? → it describes the method the action will be carried out
- How much? → it shows the price of the action

It works as follows in Figure 3 where the whole framework of the 5W2H can be observed:

**Figure 3: 5W2H Framework**

What	Where	Why	Who	When (2014)	How	How much
Calibrate Mazelli's Soda Line	Refrigerant Line	Incorrect temperature measurement on the Mazelli L511	Technical Specialist of Mazelli	07/08	Programming maintenance according to the Mazelli Maintenance Plan (MP).	R\$ 2.768,53
Train filler operation in valve maintenance	Line of refrigerant and beer	Lack of training in valve maintenance	Technical Specialist of Filler	30/08	Training operators of the 3 line shifts during the August scheduled maintenance	–
Train Filler operation in setup defaults	Beer line	Lack of training in setup standards	Technical Specialist of Filler	19/08	Training the 3-shift operators during setup to 269 ml, based on the Setup Pattern.	–
Replace rings and valves of the valve seals	Line of refrigerant and beer	Filling valves with leakage problems	1st Turn Filling Operators	18/09	Scheduling the exchanges according to the MP.	R\$ 86.491,16
Perform maintenance module on the cold compressor	Refrigerant line compressor room	Inefficient coolant compressor in the refrigerant line	Utilities Supervisor	17/08	Programming and realizing the line module according to MP.	R\$ 18.524,74
Reactivate inspections of filler output and calibrate the Level Inspector	Beer Line	Inspector 1 off and Inspector 2 not calibrated on beer line	Heuft technician; factory inspection specialist	23/09	Requesting external technicians and parts for reactivation and calibration of the Inspectors.	R\$ 27.566,88
Define Cans Loss RACI Matrix, including control of crushed cans sent by the warehouse, and train those involved	Line of refrigerant and beer	Lack of a Matrix of Responsibilities for CLI; Lack of logistic measures to check loss of cans; Crushed cans come from warehouse.	Productivity Staff	16/08	Determining the responsibilities of each of the parties involved in the control of losses through a RACI Matrix; Training those involved in the three-shift process.	–

Source: Silva *et al.*, 2017

### 2.2.3 Five Forces of Porter

The five competitive forces provide a framework for identifying the most important industry developments and for anticipating their impact on industry attractiveness (PORTER, 2008). As Porter (2008) states, this tool can be used in many different industries, moreover, many big companies have already used it, e.g., Walmart, Toys R Us, Electrolux, General Electric, and Whirlpool.

As of Porter (2008) explains, a profit windfall from removing today's competitors often attracts new competitors and backlash from customers and suppliers. Therefore, the Five competitive forces of Porter can be defined as:

- Potential entrants: threat of new entrants
- Suppliers: bargaining power of suppliers
- Substitutes: threat of substitute products of services
- Buyers: bargaining power of buyers
- Industry competitors: rivalry among existing firms

According to Arons & Waalewijn (1999), there are 4 steps before the Five Forces or Porter's tool can be used that should be followed: analysis, planning, implementation, control. The analysis starts with defining the business and formulating a vision and then

goes on to assess the internal and external environment. The strategic process ends with the financial budget and goes into a feedback loop.

#### 2.2.4 Business Model Canvas

With global and local markets being transformed by the new techno-culture of digital and social technologies, more and more entrepreneurs need to be guided through their entrepreneurial journey. Whilst the management literature declares that there are numerous widely recognized tools available which the entrepreneur can use to help build or develop their business model in order to keep abreast of technological changes such as the business plan, lean start up and experimental lab, we propose that the Business Model Canvas (BMC) is a better fit for the market - orientated entrepreneur (MURRAY & SCUOTTO, 2015).

Thus, Osterwalder (2010), created the Business Model Canvas framework that is composed by 9 fields that are recommended to be filled up with post-its due to the dynamism of changes the real world is involved:

- Customer Segments: an organization serves one or several customer segments
- Value Propositions: it seeks to solve customer problems and satisfy customer needs with value propositions
- Channels: value propositions are delivered to customers through communication, distribution, and sales channels
- Customer Relationships: customer relationships are established and maintained with each customer segment
- Revenue Streams: revenue streams result from value propositions successfully offered to customers
- Key Resources: key resources are the assets required to offer and deliver the previously described elements...
- Key Activities: ... by performing a number of key activities



- Key Partnerships: some activities are outsourced and some resources are acquired outside the enterprise
- Cost Structure: the business model elements result in the cost structure

The correct representation of the Business Model Canvas can be observed in Figure 4:

**Figure 4:** The Business Model Canvas Framework



Source: Osterwalder & Pigneur, 2010

### 2.2.5 Balanced ScoreCard and Strategic Map

According to Mohan (2004), due to the need of measurement that businesses need, it can also sustain changing tides of the climate of commerce. Furthermore, from this measurement comes the rudder of management, and from the rudder comes

directions. That is when the Balanced Scorecard (BSC) is born that has four key features: monitoring, measurement, management, directions settings.

Kaplan *et al.* (1992) and Mohan (2004) set 4 great business fields to be analyzed:

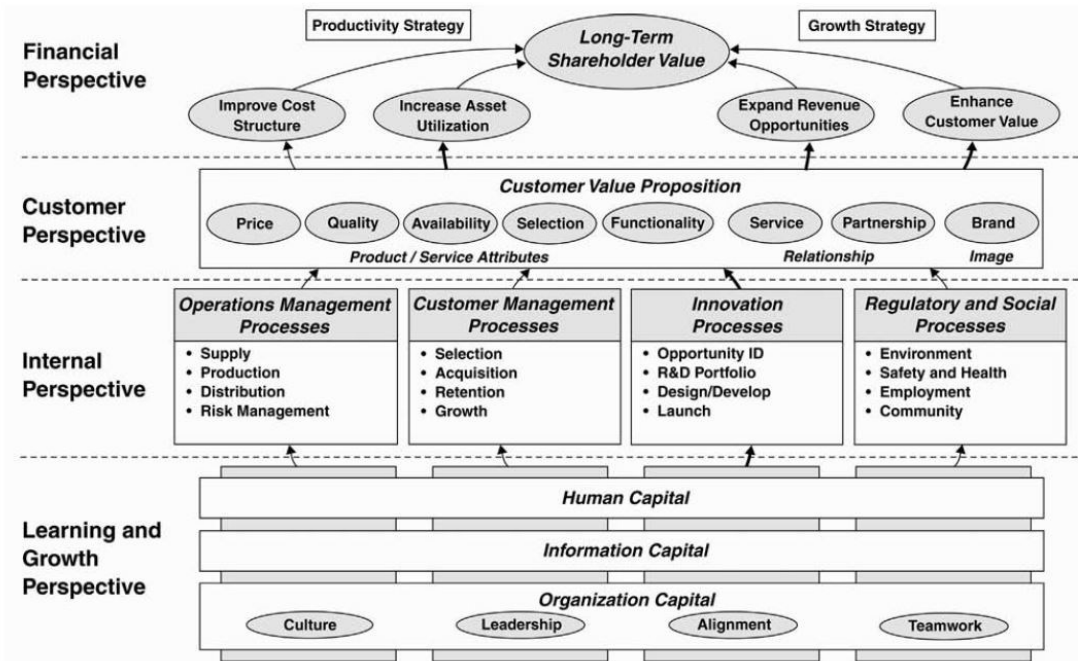
- Financial Perspective: how do we look to shareholders?
- Customer Perspective: how do customers see us?
- Internal Perspective: what must we excel at?
- Learning, Growth, and Innovation Perspective: can we continue to improve and create value?

After setting the objectives for each of the fields mentioned above, around five main quantitative (preferably) targets need to be set as well alongside the initiatives that will be taken to reach those targets. The drivers of each target will be Key Performance Indicators (KPI) so as to monitor the execution of the action plan.

To facilitate discussions among executives about the linkages in the four balanced scorecard perspectives we use a general representation that we call a strategy map. In our experience, the strategy map, a visual representation of the linked components of an organization's strategy, is as big an insight to executives as the balanced scorecard itself (KAPLAN & NORTON, 2004).

The BSC's representation is observed on Figure 5:

**Figure 5:** Strategic Map concatenating the Balanced Scorecard foundations.



Source: Kaplan & Norton, 2004

## 2.2.6 Income and Balance statement

We believe that financial reporting should be concerned with presenting the economic history of specific economic entities and that it is best done when managements also are willing to disclose and discuss their strategies, proposed tactics and plans, and expected outcomes. It is self-evident that reporting on the past always requires the use of estimates and other assessments of future events; uncollectible receivable, depreciable lives, warranty repair costs, and the like. Forecasts of the future and similar material enhances financial report usefulness, but they must be separated from and not confused with the financial statements themselves. Financial analysts avidly seek management's forecasts as part of the financial reporting process, accompanying but not incorporated in the financial statements (PERTERSON & FABOZZI, 2006).

According to Peterson & Fabozzi (2006), so as to come to a clear and assertive analysis, different sources of data should be altogether to compose it: information

prepared by government agencies, company specific information, industry data, and economic data. Figure 6 shows a sample of an Income and Balance sheet statement:

**Figure 6:** Income and Balance Sheet Statement Template

[Company Name]	© Corporate Finance Institute												
Income Statement	2018												
(USD \$ millions)	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	Full Year
Revenue stream 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Revenue stream 2	-	-	-	-	-	-	-	-	-	-	-	-	-
Returns, Refunds, Discounts	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Net Revenue</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost of Goods Sold	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Gross Profit</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Expenses</b>													
Advertising & Promotion	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-
Office Supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-	-	-	-	-	-	-
Salaries, Benefits & Wages	-	-	-	-	-	-	-	-	-	-	-	-	-
Telecommunication	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expense 1	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expense 2	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Earnings Before Interest &amp; Taxes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Earnings Before Taxes</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
Income Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Earnings</b>	-	-	-	-	-	-	-	-	-	-	-	-	-

**Source:** Corporate Finance Institute, 2022

According to Engle (2012), the financial analysis requires that three key aspects of financial management be evaluated: financial position (determined from the balance sheet), profitability (determined from enterprise budgets and income statements), and liquidity/ cash flow position (determined from the cash flow budget).

### 2.3 STRATEGIC PLANNING APPLIED ON SCHOOLS

The main point of this topic is to showcase two different applications of strategic planning on education or schools. It is intended to share thoughts of the researches on advantages and disadvantages of strategic planning implementation process.

### 2.3.1 Case 1

Nugraha *et al.* (2020) studied the implementation of State of Junior High School (SMP) Islam Cendekia Cianjur (SICC) strategic plan during academic year 2018/2019. It was used qualitative method through observation, interview, and documentation. It happened during August-December 2019 when 12 teachers, 4 staff members, and the head of foundation were involved. After interviewing them and analyzing the school, data analysis was performed with compiling, categorizing, interpreting, and confirming them systematically.

So as to get their strategy the more assertive possible, a SWOT analysis had been conducted. Results are as follow on Table 1 which explains how the SWOT analysis is carried out.

**Table 1:** SICC SWOT Analysis in 2018.

<b>Internal</b>	<i>Strength</i>	1.Has a large financial budget. 2.Parents have economic ability and educated. 3.The average of teachers is in productive age (30 years). 4.Has a large area (6.8 Ha).
	<i>Weakness</i>	1.Location far away from the Airport. 2.The teachers' ability to practice English and Arabic are in the intermediate level.
<b>External</b>	<i>Opportunity</i>	1.Networking of the Pribadi Kamila Foundation. 2.Networking of students' parents. 3.Internet of Things (school development opportunities).
	<i>Threat</i>	1. <i>Internet of Things (HRD challenges)</i> . 2. <i>Congestion</i> .

Source: Nugraha *et al.*, 2020

The strategic planning built helped guide the school for four years, furthermore, it was found out that principal managerial and social competencies collaboration with a participative leadership style became a strategy to run the school strategic plan effectively.

A very significant constraint of the implementation of the strategic planning was hiring qualified personnel due to the criteria which was required and to the distance of the school from the nearest airport. Thus, to solve this issue the vice principal in public relation

stepped up so as to explore a wide chain of networking such as international schools abroad.

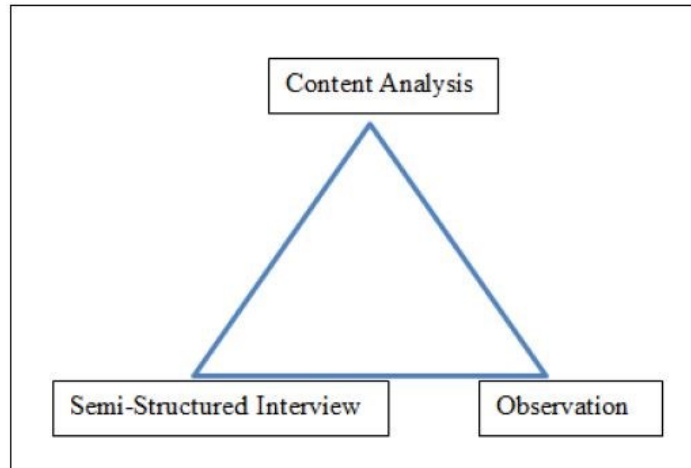
In conclusion, the strategic planning implementation was successful at the school studied getting to pretty paramount results such as improvements on teacher working performance quality, implementation of foundation regulation of employment, international achievements, improvement of teacher competencies, and establishment of sister school programs.

### 2.3.2 Case 2

Yaakob *et al.* (2019) had the opportunity to study the implementation of strategic management and strategic planning in school alongside its impact on whether it is worth it for education leaders in teachers in Malaysia.

As of strategic management to take place, 3 platforms were considered: sector analysis, policy design, and action planning. Not to mention that the investigation of strengths, weaknesses, current opportunities, and threats within and outside the organization were considered, i.e., the SWOT analysis. The study was carried out using teachers as a sample in a qualitative way using triangulation which is the process of gathering information from diverse sources and different perspectives. This process works as the following framework on Figure 7:

**Figure 7:** Framework of Study.



**Source:** Yaakob *et al.*, 2019

The study pointed out that teachers are required to undertake strategic management and strategic planning training making it easier if technology were used with support of effective strategic management. If training session are not offered by the strategic management, it will be a big waste of time and money according to the researchers.

### 3 METHODOLOGICAL PROCEDURES

This research was conducted using both qualitative and quantitative approaches. When quality tools, e.g., SWOT Analysis, 5W2H, and Balanced Scorecard, were used, there is a qualitative approach, on the other hand, when tools involving income forecasting were used, there is a quantitative approach. Therefore, there was mixed research from a quali-quantitative perspective type.

It had the applied research approach as well, since it is a study case of a language school in an experimental way, that is, delivering feasible results for the school studied, for instance, a decision taking tool for future actions and further planning.

It was chosen the case study methodology that according to Denzin (2011) focuses on an “individual unit”, i.e., it is considered a company, a country or one single platform to be studied. It comprises more detail, richness, completeness, and variance (depth) for the unit of study than does cross-unit analysis.

Yin (2002) defines case as determined “contemporary phenomenon inside its context of real life, especially when the boundaries between the phenomenon and the context are not so clear, then, the researcher has little control over the phenomenon and the context.

Yin (2002) suggests the researchers four types of projects: unique holistic case, unique integrated case, multiple holistic cases, and multiple integrated cases. Still at Yin’s approach, study case as a tool of scientific investigation is used to understand processes in the social complexity which these are observed: either on problematic situations, for obstacle analysis, or for exemplary model evaluation (YIN, 2001).

#### 3.1 ABOUT THE COMPANY

A specialized in language training school, focused on the English language. It deals with all ages supporting day care centers, schools, colleges and companies. Its method is totally developed so that it can solve the communication problems from the non-native English speaker. With a large range of activities like regular classes at the branch, English and Spanish teaching outsourcing at day care centers and schools,



partnerships with companies and colleges, In Company classes, Offshore classes, Immersion Programs, documents, and simultaneous translations, American Insight has branches in the State of Rio de Janeiro and Brazil itself.

Using a dynamic audiovisual and interactive methodology they innovated the language teaching. Their professionals are either native or high-skilled Brazilians with international certification, and well trained so as to teach the foreign language the best way possible. Translation is never seen being used while they teach because this is one of the best striking features of American Insight as well as its quality, and the students' speed of learning. Alongside with this, they use mnemonic, sensoriality, machine learning, artificial intelligence, virtual reality with the methodology, and ISO 9001, OKRs, KPIs, and SDGs as part of their management system to enhance the startup and the franchising model.

- Purpose: Turn Brazil and the world into bilingual places.
- Mission: Improve the people's lives through the foreign language teaching, opening doors, once closed, towards success gathering values to these people
- Vision: Be in the whole world until 2030.
- Values: Customer Satisfaction, Entrepreneurship, Ethics, Excellence in Results, Happiness, Innovation, Social Responsibility, Sustainability and Teamwork.

### 3.1.1 Past and Present

On January 20<sup>th</sup>, 2013 their National Registry of Legal Entities was created and the suspicious dream of the founder came to life for the first time. There were only 8 students and a room provided by his mentor. Despite the founder's distrust, his mentor signed and paid the first contract, so it was time for the founder to deliver the results. Figure 8 shows the first students of American Insight.

**Figure 8:** 1<sup>st</sup> students, 2013



**Source:** Propriety author

6 months later, the methodology and the founder's charisma were escalating little by little, which meant that the place where the classes happened had to be changed, as profitable activities could not happen there. So, they went to a building and rented a room where half was the lobby and the other half was the classroom, a space of 12m<sup>2</sup>. They trained their first 3 teachers there and left it when the city hall did not release the work permit due to problems in the building.

In December 2015 they won their first prize: the Sebrae Competitiveness MPE (Figure 16), certified by FNQ (Fundação Nacional da Qualidade). Out of 4558 companies across the whole state of Rio de Janeiro they were among the 12 best in all categories and top 3 in education in the state. Moreover, just like snapping the fingers, the "little" English school grew up, and could no longer stay where it was. Among the options they had: 1) remain in the same place to capitalize and invest in a better option; 2) leverage the company and go all-in. They understood that number 1) would compromise the quality delivered, so they chose 2). In Figures 9, 10, 11, 12, 13, 14, and 15 part of the company's history can be observed.



**Figure 9:** 1<sup>st</sup> Insighters' Day, 2014



**Figure 10:** AI Kids program, 2014



**Figure 11:** Launch of their program AI Intense, 2015



**Figure 12:** AI Intense first edition, 2015



**Figure 13:** English classes and motivational speech at the rehab, 2015



**Figure 14:** Students from regular programs, 2015



**Figure 15:** 1<sup>st</sup> interview for a national TV channel, 2015



**Figure 16:** "MPE de Competitividade Sebrae" Awards, 2015

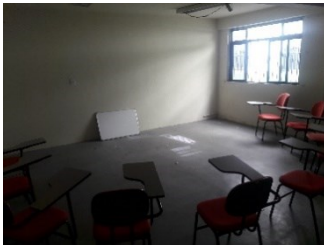
**Source:** Propriety author

2016 new location can be noticed before the refurbishment in Figures 17, 18, 19, 20, 21, 22, 23, and 24. It was a time of fresh air, six-figure investment, 300m<sup>2</sup>, 2 floors, 15 people in the team (Figure 25), 5x increase in rent, 6x in the electricity bill, a level up in the operation that also brought another level on profit. Now, the game was real. A more

critical view started to be demanded, because some questions started to prowl the head of their, until then, director. In a country with more than 200 million inhabitants, only 3% were fluent? English schools have been out there for more than 60 years and still have not managed to fix this gap? Perhaps the red ocean, pointed out by many, was not that red.

Always focusing on the customer, and improving management, the sales department has always been at the company's heart and it was in that year that the YLAI (Young Leaders of the Americas Initiative) came up in Figures 27 and 28. Yes! Among more than 6000 companies from 36 different countries, they were chosen to represent Brazil with more 19 people (they were the only ones from an inland city). A game-changer year in which their founder had the opportunity to be one of the 40 people chosen to meet the President of the USA, thereby having his business vision expanded.

They spent 6 weeks of this exchange program in the USA, of those 4 weeks were in San Diego, California. There, they had the opportunity to teach English as an American school teaches and they were able to apply several lessons learned in their daily lives. They also brought to life another practice of theirs: the "Green Day" (Figure 26): on this day they encourage children to plant tree seedlings for a more sustainable world, once again keeping their values at sight.



**Figure 17:** Meeting room before the refurbishment, 2016



**Figure 18:** Coffee shop before the refurbishment, 2016



**Figure 19:** Restrooms before the refurbishment, 2016



**Figure 20:** Front desk before the refurbishment, 2016

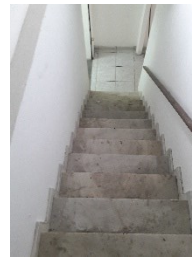




**Figure 21:** Coffee shop before the refurbishment, 2016



**Figure 22:** Lounge before the refurbishment, 2016



**Figure 23:** Staircases before the refurbishment, 2016



**Figure 24:** Classrooms before the refurbishment, 2016



**Figure 25:** Open House, 2016



**Figure 26:** 1st Green Day, 2015



**Figure 27:** YLAI fellows, 2016



**Figure 28:** Meeting President of the USA, 2016

Always looking for more certifications, they started 2017 with another seal: Shell Entrepreneurial Initiative (Figure 35). More than 400 companies competed, among those, 15 were sealed. 2017 was the year of turning the lessons learned in 2016 a reality, that was when they introduced the thematic events in their methodology such as costume parties, the hot-dog eating contest (Figure 29), St. Patrick's Day (Figure 32), Costume Party (Figure 31), and events with partners, like the Superbowl in a sports bar (Figure 30). That is how their first franchise was born, in Rio das Ostras city, RJ (Figure 33). There was also the opportunity to speak at the YLAI Summit in Washington DC (Figure 36).



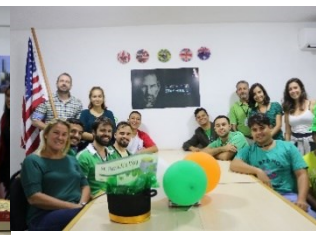
**Figure 29:** 1st Hot Dog Eating Contest, 2017



**Figure 30:** 1st event out of the school, Superbol LI with students, 2017



**Figure 31:** 1st Costume Party, 2017



**Figure 32:** 1st St. Patrick's ft. Nick (Connect English), 2017



**Figure 33:** Rio das Ostras franchise open house, 2017



**Figure 34:** Billboard campaign, 2017



**Figure 35:** “Shell Iniciativa Empreendedora” Awards, 2017

**Figure 36:** YLAI 2017 Summit lecture in Washington DC, USA

They can summarize 2018 as the year of learning, since they made their first investment in the team as a whole on a congress to enhance learning. Their CEO represented them through ABS (Brazilian Association of Startups) and HKTDC (Hong Kong Trade Development Council) at the annual electronics and technology fair in Hong Kong, China (Figure 42). With a much more disruptive vision and with innovation running through their veins, American Insight brought technology to its heart. The result of this was the Insight Online, which was strengthened with the recording of classes in 360 degrees and drones assisting the process of recording their “superhero” teachers (Figures 39).

Besides that, it was also a great year because they had the opportunity to invest in the Macaé Basketball franchise (Figure 37) thinking about it as a prospecting platform for their nationalization. Carrying on the expansion process, they started their research in the mountainous region of Rio de Janeiro, which includes Petrópolis, Teresópolis, and Nova Friburgo (Figure 40). It was also the year the team went to their first conference in the city of Florianópolis (Figure 41) and that the company could congratulate the first best student with an exchange program (Figure 38).



**Figure 37:** Sponsorship for the basketball team, 2018



**Figure 38:** Best student and team member of the year award, 2018



**Figure 39:** the birth of the startup Insight Online, 2018



**Figure 40:** Market research with the team, 2018



**Figure 41:** Team training, 2018



**Figure 42:** Representing Brazil, ABS and AI in Hong Kong, 2018

Keeping the same level of seriousness regarding their values, 2019 was also a year of glory. They reinforced their “Red Day”, that is, the day on which their team members are invited to donate blood together, they also guided the company's management to be even more sustainable, by placing the UN's SDGs (Sustainable Development Goals) in their management portfolio, seriously committing to 5 of them: 4) Quality Education; 5) Gender Equality; 8) Decent work and economic growth and 13) Taking action against global climate change (Figure 44). Aiming to grow even more in a booming economy, they decided to finish their second floor (Figure 51), thus leaving a space for coworking and interaction for all users, with a bathroom similar to a subway one, cafeteria, meditation room, innovation room, lounge, teachers and management room, also known as: Big Apple Connection, Yosemite, San Francisco, Las Vegas, Cambridge, and Washington DC.



They were selected for the Startup Macaé incubation process (Figure 46), among 75 finalists from various states, they were one of the 15 winners. This process boosted their growth and led them to the development of the Virtual Reality module using Artificial Intelligence and Machine Learning (Figure 49). Besides that, they reached the finals of the Entrepreneurship World Cup (Figure 47) and took part in the first Brazilian TV entrepreneurship reality show: *Planeta Startup* (Figure 47).

They managed to be avant-garde in Macaé city, being the first to franchise a brand and be associated with ABF (Brazilian Franchising Association), an association that they had the honor of reporting to *Economia & Negócios* (Figure 50), a program from a big TV channel, as well as the crossover with the association with ABS (Startups Brazilian Association). They also closed the deal for opening the franchises in the hills of the State of Rio de Janeiro for 2020/2021 (Figure 45). All in all, not forgetting their values, as they donate 10% of their profit from the Insight Online to a social project located in India. Classes were happening in many different places, like a Crossfit training session (Figure 43).



**Figure 43:** Crossfit English class, 2019



**Figure 44:** Biodegradable cups, 2019



**Figure 45:** sale of 3 new franchises, 2019



**Figure 46:** Approval at “Startup Macaé” acceleration program, 2019



**Figure 47:** Participation at “Planeta Startup” reality show, 2019



**Figure 48:** 5th national place at the “Entrepreneurship World Cup”, 2019





**Figure 49:** showcase of their VR product, 2019



**Figure 50:** Interview for a national TV channel, 2019



**Figure 51:** Re-open house, 2019

In 2019 a large investment fund evaluated them in the order of 8 figures, because of this they understood that 2020 would be the year to take off, which is the reason why they call 2020 “Fly High”. They started the year with their first bilingual project with the biggest regular school in the inland cities of Rio de Janeiro, they signed a great contract with a big transnational company and they were certain about the opening of their branch in the promising city of Campos dos Goytacazes in the first semester. They had their first major inner event where 30 team members were present in their “kick-off” at a farm hotel during an entire weekend with a lot of organizational cultural workshops and fun. However, a pandemic stroke and changed the scenario a lot, especially regarding deadlines. They postponed the opening of the Campos branch and the hills’ branches.

To say that a pandemic like that was good, it would be hypocrisy, but they were able to see the bright side of some aspects, such as the digitalization of their operation, which was the pivot for a more scalable and less costly business model, as well as the standardization of processes through KPIs and OKRs. Also, during the pandemic, they managed to renew their “Great Place to Work” certificate, they almost aced the questionnaire, an overall score of 98, above the national average for companies of their size.

They managed to make sales of their Insight Online, repositioned the marketing to a much more daring approach in digital platforms with wide exploration of SEM (Search Engine Optimization). They also launched the vesting program where team members with high potential can become partners of American Insight and seize all the benefits of the

brand, such as the internationalization process and eventual granting of a “Green Card”. They also completed the standardization process for ISO 9001 and B certification, as well as the 5S protocol for the return of activities after the pandemic.



**Figure 52:** Campos dos Goytacazes franchise, 2020



**Figure 53:** Launch of their bilingual program, 2020



**Figure 54:** 2020 Kick-off

According to the board of the directors, the company is looking forward to the metaverse using Virtual Reality, Augmented Reality, Machine Learning, and Artificial Intelligence. They also have the nationalization and internationalization processes on their radar so that the company is able to fulfill its vision for the year of 2030.

## 4 RESULTS

For the construction of the strategic planning, the strategic team, composed of 4 board directors, was involved directly. The board is formed by the CEO (Chief Executive Officer), CFO (Chief Financial Officer), Business Developer, and the Franchise Manager. It was also used a lot of information from Government official websites and financial agencies, e.g., the Cluster Mapping by the U.S. Economic Development Administration, Statista, Migration Policy Institute, 2021 Global Learning Landscape Mapping the Future of Education by Holon IQ, the Global Digital Yearbook of 2019 by Essential Digital Data for every country in the world by Hootsuite, and Yahoo Finances for World rates and indices. To top it off, company's records played a big role when it came to having coherent numbers to plan the forecasting and actions that need to be taken.

After concatenating this pillar of industry data, company records, and world financial indexes, the strategic planning as it is started to be drawn using the following tools: SWOT analysis, 5W2H, Business Model Canvas, Balanced Scorecard and Strategic Map, and Income and Balance Statement.

### 4.1 SWOT Analysis

As of the 36 initiatives listed on Chart 1 below which resulted from the crossing Strengths x Opportunities, Strengths x Threats, Weaknesses x Opportunities, and Weaknesses x Threats, 4 of them should be prioritized in order to compose faster and better results for the company:

- Internationalization of the company since the global market favors the experiences of the students on an international level, thus, boosting its market capitalization
- Development of own material due to the creation of another stream of revenue
- Development of the Virtual Reality x Virtual Augmented environment for students so as to already start scaling anywhere around the globe with a low-cost operation
- Start fundraising rounds so that cashflow may not be a problem when the company starts scaling up

Chart 1: SWOT Analysis

		O			T		
		1 Abroad experience	2 Living in the country	3 Universal language	1 Economic distrust	2 Gadgets to teach English	3 Independent teachers
S	1 Product	Due to consumption of American and foreign culture of Brazilians, they want to really live it and improve their English skills with natives in their countries.	Teaming up with their e-learning platform, they know their revenue will increase both <i>in loco</i> and online.	This makes them almost a life-time sales funnel.	Time to sell when tissues during times when people are crying. They need to get ready for the “after-pandemic” times.	Develop their own better gadget with VR, AI and machine learning.	Their LTV increases in the future because student must pay more to compensate the low price they paid on the low-quality teaching from the independent teachers.
	2 Culture	Having a big company behavior and a startup mindset, they know they can provide the best for exchange students.	Being used to hostile businesses environments makes them a big deal for delivering quality	Being internationally standardized, they are confident anyone foreign student will be rather well served by their services.	A strong culture creates power to face all the economic challenges they might face even if that means pivoting.	Innovation is part of their DNA, so it is way easier to deal with competition.	Serving their students by the finest ways help them easily overcome the struggles independent teachers might mean to them.

			in the countrys ide.				
	<b>3 Business Model</b>	This is what they call as perfect fit. From the bottom to the top, they will be able to serve their students with exchanged programs tailored by their team for their students.	This trending behavior of urban areas inhabitants also help them enhance their scalability and profitability.	Teaching English means teaching 7bi people with no borders, that is why they have a very healthy future with their business model.	They were able to create a pretty resilient business model that is what they call as “anti-pandemic” business model since this is a recurring issue the world will face.	Being able to pivot at any time gives them a great advantage when it comes innovating to be spotlighted within the competition pool.	They are also able to practice very low prices in some programs, so they are able to compete face-to-face with independent teachers when it comes to pricing but with a way higher better quality.
<b>W</b>	<b>1 Material</b>	They are developing their own material to go international as well and generate one more sales stream.	Not being in the hands of mailing companies gives them another advantage by developing their own material.	Once developed, it can be used anywhere in the world even by other international schools around the globe.	Charging a low price for their material will make students’ decisions easier to join them.	None of the gadgets have their own material, that’s why having their own material is another striking feature of theirs.	Independent teachers don’t have their own materials and when they have it, it is a very low-quality.

<p><b>2</b> Inexperienced team</p>	<p>Their team will be able to learn the best way, by doing and with the failing fast mentality.</p>	<p>Even though their team is young, they study a lot, then, working their “labs” in the country helps them a lot.</p>	<p>All the team speaks English, so learning with qualified professional is faster and easier.</p>	<p>They can learn from worldwide practices.</p>	<p>Failing is easier and fear is further due to failing fast mentality. Penicillin and the light bulb were created out of this mindset.</p>	<p>Even though they are inexperienced compared to competition that is longer in the market, they are way more experienced than independent teachers. They might know how to teach, but, normally, don't know how to manage. Experienced teachers, the also have!</p>
<p><b>3</b> Cashflow</p>	<p>They had to burn some cash during the pandemic but their sales forecast is pretty prominent, especially, making money in dollars.</p>	<p>They had to invest some money on the new business model, so, they need to wait for its</p>	<p>It is good that they are able to sell, as they say, for a lifetime, then, it means continuous revenue for them.</p>	<p>They made their move towards having their striking features, now it is the time to move forward and gain the students' trust regardless</p>	<p>Having the mindset of investing everything they can, creates a leverage for them that few companies have:</p>	<p>Their low cashflow also reflects on the promotional campaigns they are used to having. Then, independent teachers practically don't have a profit margin to work out</p>

			payback for now.		of the economy.	nice equity and valuation to reinvest and innovate.	these kinds of campaigns.
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**Source:** Propriety author

#### 4.2. 5W2H

So as not to have confusion when implementing the relevant initiatives highlighted through the SWOT Analysis, the 5W2H tool gives a complete and summarized overview of what the action is, why it should be executed, where it will take place, when it will happen, who is in charge of it and how much it will cost.

According to Chart 2, the company should focus on a R\$600k fundraising so that within 3 years it may scale up according to the vision of the company. It is important to highlight that one of the actions will take place abroad, then, planning is a *sine qua non* for not having a failing project in the future since it is in a completely business and natural environment.

**Chart 2:** 5W2H Analysis

What	Why	Where	When	Who	How	How much
Develop their own material	To create one more sales revenue and serve their students better	In Brazil	2022.2	CEO	Online	5% out of their profit from material sales
Reach up to 50 branches in their chain	To expand their business jurisdiction and create more valuation	In Brazil	2024.2	CEO and Franchising Manager	Using Ads and attending ABF	R\$200k

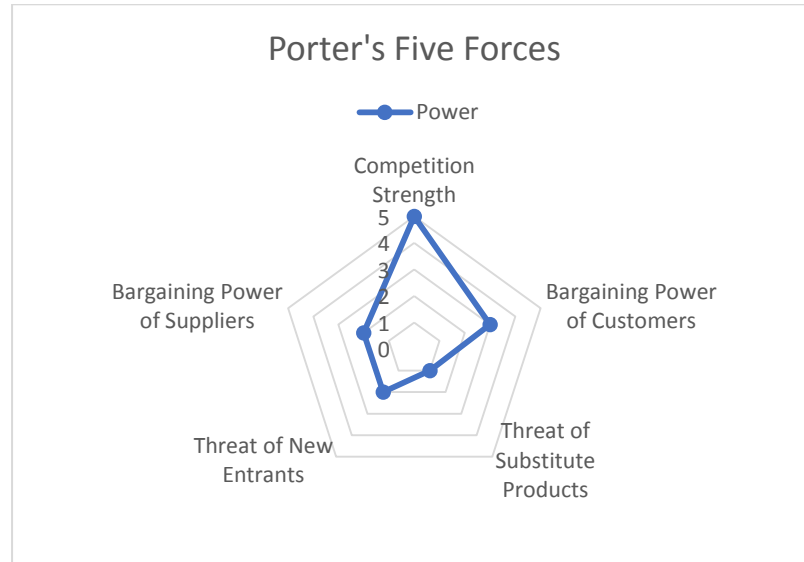
					exhibitions in Brazil	
Fundraising	To solve the cashflow problem	In Brazil	2022.2	CEO	Subscribing to events of private equity funds	N/A
International Documentation	To start the internationalization process	In the USA	2022.2	Business Developer	Via Drummond Associates	US\$20k
Development of Metaverse architecture	To scale up faster	In Brazil	2022.2	CTO	Through technological developers	R\$300k

**Source:** Propriety author

#### 4.3 FIVE FORCES OF PORTER

According to Chart 3, threat of substitute products is not a point of attention for the meantime, nevertheless, competition strength should always be on the radar of the company since there is a considerable number of competitors in the industry on a national and international level. Thus, innovation and the company's culture play a big role when it comes to creating relevant differentials for it to have is market share.



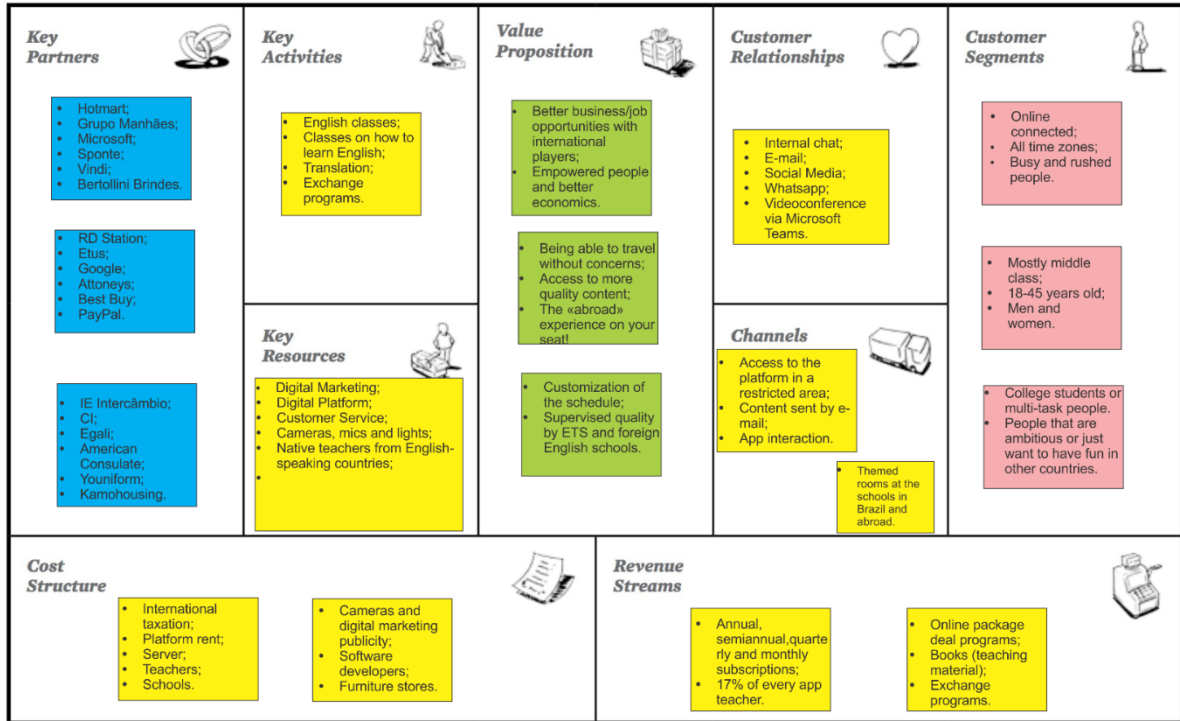
**Chart 3: Porter's Five Forces Analysis**

**Source:** Propriety author

#### 4.4 BUSINESS MODEL CANVAS

In just one single sheet of paper, as it is observed on Chart 4, any team member is able to understand how the company works and operates. It intends to solve doubts anyone might have in a quick way. If a new team member has just arrived and would like to understand how the company's services is distributed, for example, a quick glimpse at it solves that very need. On the other hand, if a team member who has been working at the company for some time would like to see how another department works, for instance, marketing willing to understand finances, it can solve that need pretty fast and head towards the department target that depended on a number or a source of information that belongs to finances. It works 100% according to the literature proposed by Osterwalder (2010), thus, giving a quick 360° overview of the whole company.

**Chart 4: Canvas Business Model**



Source: Propriety author

## 4.5 BALANCED SCORECARD

### 4.5.1 Mission, Vision, and Strategy

The intention of this Chart 5 is to demonstrate how the mission and the vision of the company can be achieved. Thus, it was found that 6 components of the company guide the fulfillment of the vision and mission: strong culture, neat processes, being goal-oriented, innovation, being customer-oriented, social responsibility and sustainability.

**Chart 5: BSC - Mission, Vision, and Strategy**

MISSION, VISION AND CORE VALUES
Mission: Improve the people's lives through the foreign language teaching, opening doors, once closed, towards success gathering values to these people.
Vision: Be present in 3 continents until 2030.
Core Values: Customer Satisfaction, Entrepreneurship, Ethics, Excellence in Results, Happiness, Innovation, Social Responsibility, Sustainability and Teamwork.
STRATEGIC PLAN
1. Strong Culture: the strong culture built a united and resilient team prepared to face the storms of harmful times. The entire strategic team speaks English, then it facilitates the expansion stage until the internationalization that they aim to start in 2022. They want 1 exchange school in San Diego, CA, another one in Salem, NH, and an English school for citizens or immigrants in Orlando, FL. They would start through Florida and establish the International Franchiser in Delaware. 2027 operations in London, UK, 2028 in Dublin, Ireland and 2029 in Sydney, Australia.
2. Neat Processes: behaving like a big company mentality, brought them some picky moves when it comes to processes and procedures. Nowadays, they have everything a reality in their daily basis. Focusing on growing through the countryside of the States of Brazil, they have no doubt they have much more ammo than focusing on the capital cities. They want to grow up to 100 branches in Brazil up to 2028.
3. Goal-oriented: by being goal-oriented, they keep sales keeping the schools generating more revenue and more royalties to the franchiser. The CRM helps them a lot.
4. Innovation: having a startup mindset, they are able to pivot whenever possible and making the best they can to be relevant enough using OKRs, KPIs and committees to discuss the best practices that can elevate their venture the most they can. Dealing with technology to the fullest, they intend to always be the ones trending in the market and also have a more scalable business model. The team always attends a big conference a year to learn the newest things when it comes to technology, administration, marketing, academics and sales.
5. Customer Success: their ears are wide open, that is why they have a department specialized and focused on the customer himself. Otherwise, their

mission would never be accomplished. Each branch must have all the team oriented towards this mindset as well.
6. Social Responsibility and Sustainability: serving their clients is great but why not expand this service to the community?! Each branch has the responsibility of teaming up with a local NGO and either help them financially or by personally outreaching the needs of the institution. Likewise, they believe in a bright future for the coming generations through solar energy, biodegradable cups and recycled paper (when printing is mandatory, of course). SGDs are part of their routine.

**Source:** Propriety author

### 5.5.2 Finances

This Chart 6 intends to measure the accomplishment of each financial element that will compound the greatest objective of the company, that is, the increase on its valuation. It is possible to highlight as the main objectives of it: increase of sales, make money in dollars, and, consequently, the increase of company's valuation. New investors are recommended along with the internationalization process.

#### **Chart 6:** BSC - Finances

Objective	KPIs	Goal	Actions
Decrease the difference from ideal x real revenue	Non-payment	Keeping it at 3% annually	Have the clients' payment by credit card
Increase of gross sales revenue	Revenue	100% increase annually	Keeping good clients and reaching new ones
Increase of net sales revenue	Clients' discounts and payment methods' fees	20% increase annually	Negotiate fees with the banks and transactions

Increase the number of schools	Number of schools in Brazil	100 schools in 2026	Prospect new franchisees through ABF and SEO
Make money in dollars	Number of international schools	Open 1 international school/year from 2023 on	Prospect dollar ways of making money like international programs
Increase the valuation of the company	Valuation	Reach the milestone of R\$100000000	Prospect new investors for the company and the Ebtida up to R\$30.000.000

**Source:** Propriety author

#### 4. 5.3 Clients

Clients play a key role when it comes to being one the main points of the Balanced Scorecard. Since the company is customer-oriented, decreasing the churn rate, that is, the number of students that leave the company, getting new clients through prospection of new ones, and increasing the clients' LTV, getting a high level of customer satisfaction is just a matter of time towards a better NPS grade. Not to mention that opening new schools nationally and internationally are on the company's playbook. The clients' impact is observed on Chart 7.

**Chart 7:** BSC - Clients

Objective	KPIs	Goal	Actions
Decrease the churn rate	Churn rate	Have an annual churn rate of 10% from 2020 on	"Pamper" clients and have excellent classes
Get new clients	Conversion rate	Get a good evaluation from the quality survey	Improve the sales consultants' pitch and focus on great LTV clients.

		on these new niches	Have good more assertive marketing campaigns
Increase the clients' LTV	LTV (Lifetime value)	Reach the value of R\$3000/ client	Increase the up-sales and cross-sales
Find new niches to act	Increase of demand for new services	100 schools in 2026 and Open 1 international school/year from 2023 on	Research the clients' trending behaviors
Increase customer satisfaction	NPS (Net Promoter Score)	Reach grade 9	Try to do their best to comply with reasonable complaints from clients

**Source:** Propriety author

#### 4.5.4. Processes

It is very important to not growth in a disorganized manner, then, having a good Integrated Management System (IMS) is a deal breaker. It is when the ISO 9001 plays a key role at the company. However, having good but slow processes is not a leverage for the company, so, process automation is also a very important factor for the company to achieve success. Due to the fact that the company is customer-oriented, it should not accept a Service License Agreement (SLA) rate below 99%. All of this data can be found on Chart 8.

**Chart 8: BSC - Processes**

Objective	KPIs	Goal	Actions
Improve client response effectiveness	SLA (Service License Agreement)	99%	Constant updates of the companies' operational tools
Automate the processes	Number of updates from each SOP (Standard Operational Procedure)	1 update/ SOP/ year	Constant observations of non-conformities
Have a better IMS	ISO 9001 renewals	Have a certificate renewal every 3 years	Biannual audits on all the procedures of the company

**Source:** Propriety author

#### 4.5.5 Learning and Growth

Due to the company's strong culture, it must not forget to emphasize two main points: communication and improvement of the team's technicality. Registering the lessons learned in a sharepoint where other team members have access, investments in courses for the team members, and involving the team in the building of the company's strategic plan will give the team a sense of ownership, moreover, the company will have a sustainable growth process, as it is seen on Chart 9.

**Chart 9: BSC: Learning and Growth**

Objective	KPIs	Goal	Actions
Flawless internal communications among peers	Number of meetings and effectiveness of them	Weekly strategic meetings, monthly general meeting and biannually planning meetings	Use Microsoft Teams to synch everyone's agendas

Promote team members' commitment with the strategic plan of the company	Team members turnover rate, GPTW (Great Place To Work) grade	Turnover rate down to 7%/year and 99 GPTW grade	Have more sessions to disclose the actions of the company and motivate the team to take part in them
Automate the operation of new insights	Lessons Learned registered	1 lesson learned/strategic team member/15d	Motivate the team to register what they learned at the Microsoft Sharepoint
Improve the team's technicality	Coursed attended	40h of course attended biannually	Promote webinars, share free courses and pay reliable courses for the team

**Source:** Propriety author

#### 4.5.6 Sustainable Development Goals

The company has a very strong commitment with the Sustainable Development Goals (SDGs) that it assured involvement with. Among them, three should be highlighted as it is seen on Chart 10:

- Ensure inclusive and equitable quality education and promote lifelong learning
- Promote sustained, inclusive and sustainable economic growth
- Take urgent action to combat climate change and its impacts

So as to make sure these objectives are achieved, technology plays a key role for decreasing the price one can pay at the company's programs, creation of policies so that staff members are promoted with a decent payment on their paychecks. The company



should also encourage the digitalization of all of its quizzes, tests, contracts or anything that involves paper consumption.

**Chart 10:** BSC – Sustainable Development Goals

Objective	KPIs	Goal	Actions
Ensure inclusive and equitable quality education and promote lifelong learning	Number of advanced students	10k students until 2030	Promote online English programs at affordable prices for anyone in the world
Achieve gender equality and empower all women and girls	Number of women employed at the company	50% of the total needs to be women	Guide the managers to look for girls when an application is open
Promote sustained, inclusive and sustainable economic growth, full and productive	Number of team members' payment above market salary cap	100% team members' payment above market salary cap	Create policies and promote staff according to the career plan
Take urgent action to combat climate change and its impacts	Number of sheets of paper and plastic cups used	100 sheets/month and 0 plastic cups	Digitalize all the tests and quizzes and buy biodegradable cups
Strengthen the means of implementation and revitalize the global partnership for sustainable development	Number of partnerships built	1 new partnership for generating value for the parties every quarter	Prospect new key partners

**Source:** Propriety author

#### 4.5.7 Strategic Map

The Strategic Map gathers all the aspects of the Balanced Scorecard (BSC) as a tool to give the company a quick overview of all the objectives of the company. Then, it is visual that the five aspects of the BSC are guiding each objective of each aspect.

It is a powerful tool because it shows that the core values of the company are the foundation of the fulfillment of its mission and the vision. So as to have valuation increase as one of the main objectives, it is somehow connected with the provision of quality education which is connected with the improvement of the team's technicality which is connected to the automation of the processes which is connected with getting new clients.

Any team member can be familiar with the company's main objectives, however, with key details at the same time on Chart 11.

Chart 11: Strategic Map



Source: Own company

#### 4.6 INCOME AND BALANCE STATEMENTS

Observing the charts 12, 13, 14 and 15, it is inferred that it is feasible for the company to start the internationalization process despite it will achieve break-even point, i.e., the point which revenue is the same value as of operational costs within seven months. There is a deacceleration of investments throughout the year of 2023, Return Over Investment (R.O.I.) happens within five years of operation. Operational costs tend to decrease throughout the years, except when a new school is about to be open that a new round of investment should be done.

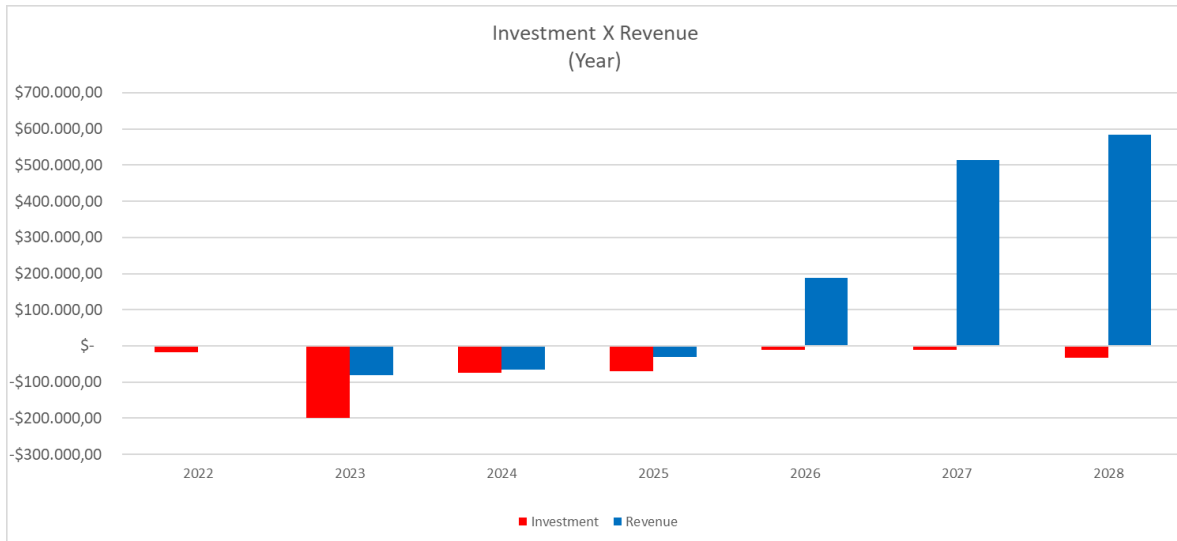
**Chart 12: Summary of financial forecast**

	2022	2023	2024	2025	2026	2027	2028	TOTAL (USD - \$)
<b>Project - Costs</b>	-\$ 17,000,00	-\$ 198,733,00	-\$ 73,404,00	-\$ 69,856,00	-\$ 11,850,00	-\$ 11,850,00	-\$ 32,730,00	-\$ 415,423,00
Legal Advice	\$ -	-\$ 8,960,00	-\$ 400,00	-\$ 400,00	-\$ 400,00	-\$ 400,00	-\$ 400,00	-\$ 10,960,00
Tax and Accounting Consulting	-\$ 1,400,00	-\$ 9,875,00	-\$ 6,450,00	-\$ 6,450,00	-\$ 6,450,00	-\$ 6,450,00	-\$ 6,450,00	-\$ 43,525,00
Airfare	-\$ 3,500,00	-\$ 3,500,00	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 7,000,00
Accommodation	-\$ 5,500,00	-\$ 27,500,00	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 33,000,00
Foodfare	-\$ 5,400,00	-\$ 27,000,00	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 32,400,00
Transportation	-\$ 1,200,00	-\$ 6,000,00	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 7,200,00
Registering a Limited Liability Partnership	\$ -	-\$ 2,900,00	\$ -	-\$ 400,00	\$ -	\$ -	-\$ 400,00	-\$ 3,700,00
VISA	\$ -	-\$ 980,00	\$ -	-\$ 980,00	\$ -	\$ -	-\$ 980,00	-\$ 2,940,00
Company Name Registration	\$ -	-\$ 1,750,00	\$ -	\$ -	\$ -	\$ -	\$ -	-\$ 1,750,00
Equipment, Furniture and Materials	\$ -	-\$ 15,000,00	\$ -	-\$ 23,000,00	-\$ 5,000,00	-\$ 5,000,00	-\$ 23,000,00	-\$ 71,000,00
Refit	\$ -	-\$ 15,000,00	\$ -	-\$ 1,500,00	\$ -	\$ -	-\$ 1,500,00	-\$ 18,000,00
<b>Operational Cash Flow</b>	<b>\$ -</b>	<b>-\$ 80,268,00</b>	<b>-\$ 66,554,00</b>	<b>-\$ 37,126,00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-\$ 183,948,00</b>

Operation - Incomes & Costs	2022	2023	2024	2025	2026	2027	2028	TOTAL
Tuition	\$ -	\$ -	\$ 90,000,00	\$ 270,000,00	\$ 540,000,00	\$ 900,000,00	\$ 1,110,000,00	\$ 2,910,000,00
State Tax   (+/- 7%)	\$ -	\$ -	-\$ 6,300,00	-\$ 18,900,00	-\$ 37,800,00	-\$ 63,000,00	-\$ 77,700,00	-\$ 203,700,00
County Tax   (+/- 1%)	\$ -	\$ -	-\$ 900,00	-\$ 2,700,00	-\$ 5,400,00	-\$ 9,000,00	-\$ 11,100,00	-\$ 29,100,00
District Tax   (+/- 0.5%)	\$ -	\$ -	-\$ 450,00	-\$ 1,350,00	-\$ 2,700,00	-\$ 4,500,00	-\$ 5,550,00	-\$ 14,550,00
Rent	\$ -	-\$ 20,800,00	-\$ 31,200,00	-\$ 57,600,00	-\$ 57,600,00	-\$ 57,600,00	-\$ 76,800,00	-\$ 301,600,00
Utilities	\$ -	-\$ 2,000,00	-\$ 3,000,00	-\$ 6,000,00	-\$ 6,000,00	-\$ 6,000,00	-\$ 8,400,00	-\$ 31,400,00
Internet	\$ -	-\$ 800,00	-\$ 1,200,00	-\$ 2,280,00	-\$ 2,280,00	-\$ 2,280,00	-\$ 3,480,00	-\$ 12,320,00
Telephone	\$ -	-\$ 400,00	-\$ 600,00	-\$ 1,320,00	-\$ 1,320,00	-\$ 1,320,00	-\$ 1,680,00	-\$ 6,640,00
Administrative (Labor)	\$ -	-\$ 23,760,00	-\$ 47,520,00	-\$ 87,120,00	-\$ 95,040,00	-\$ 95,040,00	-\$ 134,244,00	-\$ 482,724,00
Commercial (Labor)	\$ -	-\$ 29,700,00	-\$ 59,400,00	-\$ 108,900,00	-\$ 118,800,00	-\$ 118,800,00	-\$ 166,914,00	-\$ 602,514,00
Teachers (Labor)	\$ -	-\$ 2,208,00	-\$ 4,784,00	-\$ 12,512,00	-\$ 22,080,00	-\$ 26,496,00	-\$ 37,296,00	-\$ 105,376,00
Learning Management System - LMS	\$ -	-\$ 600,00	-\$ 1,200,00	-\$ 1,800,00	-\$ 2,400,00	-\$ 2,400,00	-\$ 3,000,00	-\$ 11,400,00

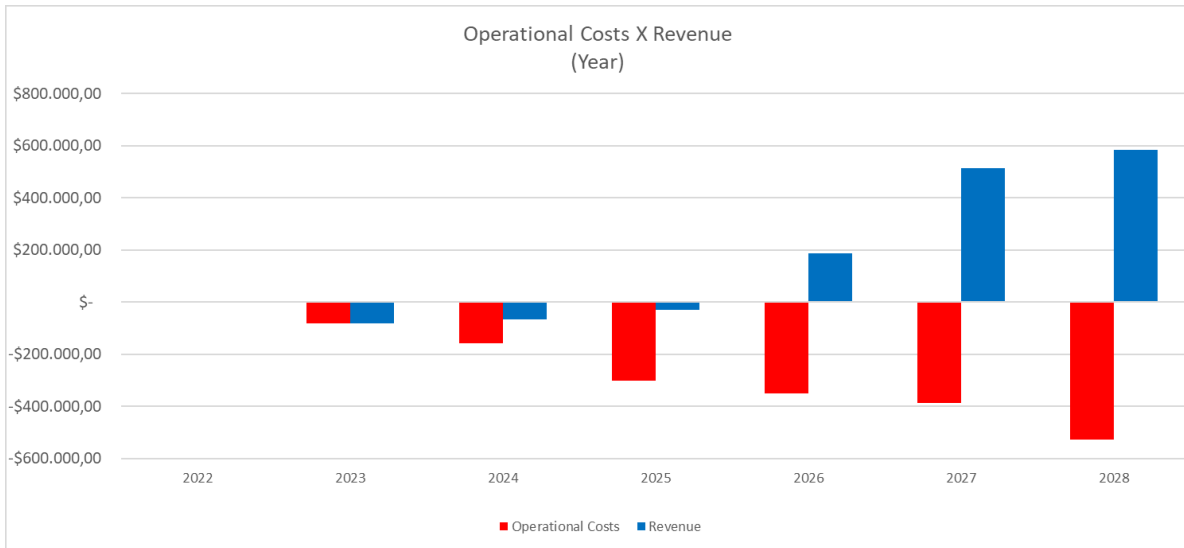
Source: Own company

**Chart 13: Investment versus revenue per year**



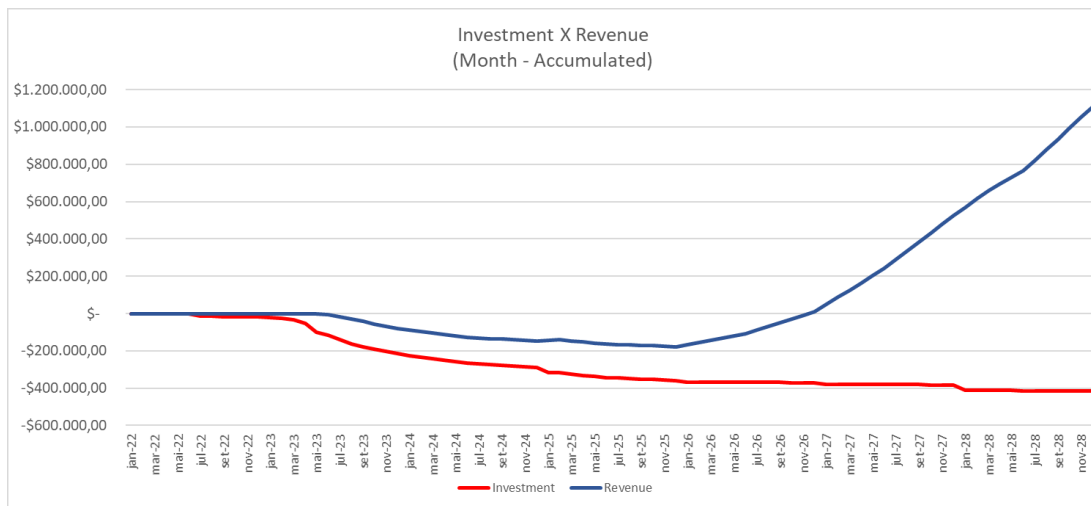
Source: Own company

**Chart 14: Operational costs versus revenue per year**



Source: Own company

**CHART 15: Investment versus revenue accumulated per month**



Source: Own company

## 5 DISCUSSIONS

As of the results generated in the previous section, recommendations and analysis from the results will be made in this section.

Starting from the Five Forces of Porter's result, it can be inferred:

- Competition Strength 5: there is a very big number of competitors both in Brazil and abroad.
- Bargaining Power of Suppliers 2: it is considered weak because there is a great number of suppliers associated, then, it becomes smooth to negotiate prices and deadlines.
- Bargaining Power of Customers 3: according to the board, there is margin of negotiation since there are customers who love to beg for discounts, then it was considered an average grade due to the fact they do not let them control our negotiations, though.
- Threat of New Entrants 2: it is also considered them weak as it is known it takes a lot of time and money to get to where American Insight is getting.
- Threat of Substitute Products 1: the board considers remotely impossible to substitute the English teaching for devices that would work as translators or microchips. If it happens, it will not take less than 10 years and at that time.

On the whole, complying with what Porter (2008) stated when he explained the use of his tool as a strategic one.

The financial forecast shows that after the third year, the amount of money to be invested decreases exponentially while revenue starts increase exponentially. Operational costs increase when a new school is open. On a regular basis it decreases, however, not on the same proportion as revenue that skyrocks. Thus, after break-even point is reached in the seventh month, the company becomes profitable at an international level. Therefore, assuring the explanations provided by Engle (2012) and Peterson *et al.* (2006).

Business Model Canvas delivers a practical overview of the whole business as board which the whole company may see and localize the most important issues that they

need as information or whom to talk, send an e-mail, etc. As well as Osterwalder (2010) highlights.

5W2H makes sure to show the department or person in charge of each action that needs to be taken, budget required for it, method that it needs to be used, time that it will start, as well as the motivation behind each action. Therefore, composing the radar so necessary for the company to perform well according to the instructions of Morais *et al.* (2015) and Silva *et al.* (2017).

The SWOT Analysis, following the methodology suggested by Namugenyi (2017), when it prevents many threats from damaging the company and already come up with actions that may be taken to avoid them when crossed with the strengths and weaknesses of the company. In spite of having weaknesses, there are maximization opportunities when crossed with market opportunities. So as to tackle good opportunities and minimize threats, the companies' strengths were also crossed. Then, a couple of actions are needed to be highlighted for reaching good results quicker according to the SWOT analysis:

- Economic distrust x Product: post-pandemic times are times are vast searches for curriculum improvement. Nice campaign to sell the product reinforcing this issue is a deal breaker.
- Culture x Abroad Experience: focus on the big company behavior but not forgetting the startup mindset. Exchange students will be fully satisfied.
- Business Model x Gadgets to teach English: innovation must always be in the company's DNA since pivoting is a key player for changing the rudder of the company whenever necessary.
- Material x Universal Language: this material can be a very profitable source of revenue.

The Balance Scorecard and the Strategic Map work side-by-side. As of Mohan (2004) and Kaplan *et al.* (1992), explained, while the BSC helps monitor and keep track of whatever is going on, the Strategic Map summarizes it all in one tool as a quick consultation tool. It shows the company how things are so connected even though they seem to be in so different contexts. Since the core values are the foundation of the Strategic Map, they are targeting all the other objectives towards the fulfillment of the

mission and the vision of the company. The company will be able to increase its valuation and understand the it will happen through the delivery of Quality Education and other key objectives.



## 6 FINAL REMARKS

This research had as its main objective to analyze through case study methodology how an English language school makes its own strategic planning using tools used at strategic management. Moreover, as specific ones, contextualize strategic planning and its main tools, present strategic planning when it is a necessary tool for schools, thus, the knowledge that was presented within the theoretical background allowed the analysis on the case study. Considering the achievement of the company onto the PMF (Product Market Fit), its core value of innovation and how it has been delivering into the market, and being customer-oriented, the company found it relevant to come up with an assertive strategic planning so that its actions are more oriented into an assertive path.

Their analysis regarding the main objective was made through case study methodology, it was observed that the company uses six strategic tools. Moreover, only two of them were more explored, that was, SWOT analysis and Balanced Scorecard whereas 5W2H could have been more developed. Among the main strategies, it is recommended to follow on the internationalization process along with the technological development. Comparing what the literature stated with what was presented by the company, the contextualization was achieved by comparing what was scientifically produced at the academic level, the presentation of strategic planning as tool for schools was achieved by the showcase of case studies, as well as the implementation of strategic planning at an English school.

After the conclusion of this study, it is noticed that the company is empowered with a practical strategic planning using many different tools available to compound its strategies to sustain its growth towards its main objectives as a corporation.

According to the history of the company, it is inferred that it has been looking for improvement since its establishment. As a matter of fact, it has been pivoting whenever possible, therefore, it is possible to conclude the tools observed will be of great use when it comes either to changing directions and heading towards another path or keeping up with the same path.

To top it off, it was observed that, in this very research, the objectives of the company are pretty much lined up with its organizational identity (purpose, mission, vision,

values) which verifies that the organizational objectives may be achieved properly. It is a very powerful radar and compass to guide the company. I was glad to contribute with such a vivid team and bold company. This study will be of great relevance for companies of the same niche since it will give trustworthy foundations for the decision taking processes of theirs.

## 6.1 STUDY LIMITATIONS

The study took place in a very short time frame, then, more numbers could have been collected if more time had been available as well as the team involvement which could also have been wider, therefore, generating results that might have delivered a more accurate research. Still on the time aspect, more tools could have been studied.

## 6.2 FUTURE RESEARCHES

In case of future researches, it is recommended the research and implementation of other tools that can make the results more accurate. It is also recommended the definition of Key Performance Indicators (KPI) that will help management take decisions even faster.

It is also important to highlight that this study should have a broader scope, for instance, achieving the tactical and operational levels so that the whole company is involved in the construction of the strategic planning. Thus, more team engagement will probably be found and result will be achieved faster.

Not to mention the automation of data input by creating a system that will collect this data and allocate it in an agile way so that the respective level has access to it and take the right decision towards the right direction.

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