

Summer College

Washington University in St. Louis

September 27th, 2008

Barton Hamilton Robert Brookings Smith Distinguished Professor of Entrepreneurship

Adam Schneider BSBA 2009

1.0 Executive Summary

Summer College is a Missouri based Limited Liability Corporation that will offer summer academic programs on college campuses for high school students. Summer College's Certificate in Entrepreneurship at Washington University will be the nation's premiere highly selective summer academic program focusing on building business, entrepreneurial, and leadership skills through faculty lectures, guest speakers, panel discussions and business visits. Experiential learning will be emphasized by consulting practicums based on business visits and a business plan competition that runs for the entirety of the program. The program will run for 14 days and cost participants \$2,350. Revenue is projected to be \$122,200 in year one, growing to \$733,200 in year three. Pre-tax profits are projected to be a \$15,000 loss in year one and \$262,784 in year 4.

1.1 Company Summary

Summer College will be the nation's premiere highly selective summer academic program focusing on building business, entrepreneurial, and leadership skills for high school freshmen, sophomores, juniors and seniors. With lectures given by faculty and staff from Washington University in St. Louis, one of the nation's top research institutions, guest speakers from some of the nation's most distinguished companies, and field trips to see entrepreneurship and business in context, Summer College will provide participants with a rigorous, yet rewarding, opportunity to explore entrepreneurship. Unlike traditional summer academic programs where students simply take courses, Summer College will ensure that campers are active participants in their own entrepreneurial education through a series of IdeaBounce® events as well as a business plan competition which runs the length of the program.

1.2 Mission

The mission of Summer College's Certificate in Entrepreneurship is to create a world renowned summer academic program for high school students with an interest in entrepreneurship. Our business is dedicated to providing students with an unparalleled experiential learning experience which will translate into a competitive edge for program participants as they are more prepared to be active career entrepreneurs. In addition to this advanced preparation, program participants will get a taste of life at one of the nation's top universities as they are lectured by real professors, live in dorms, eat in the dining halls, and use campus facilities. Summer College is committed to creating a collegiate environment, with a "summer" feel.

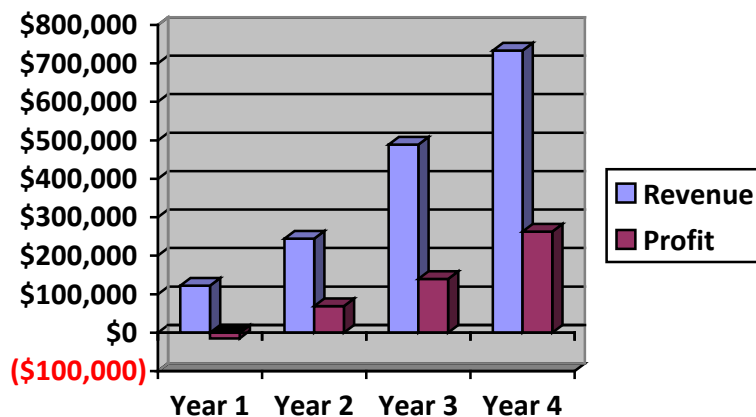
1.3 The Market

Summer college will target top performing high school students, ranging from 10th to 12th grade, with an interest in learning about fundamental principles of entrepreneurship. Our consumer base, high school students and their parents, is one of the most desirable and profitable market segments. Our market is made up from students who will attend the top 75 universities and major in business/economics. Furthermore, as the program may be significantly more expensive than traditional summer options, our market is limited to individuals who would receive no financial aid from their university. Conservative estimates show a target market of 50,388 individuals. Our program enrollment is limited to 300, which we anticipate meeting in year 4 – This is a .5954% yield.

1.4 Strategy

Our strategy for our first year of operation is simple: provide selected high school students with a premier summer academic program. In order to ensure our program meets and exceeds expectations of our participants, we will cap our first year enrollment at 52. This number is derived from the capacity that can be safely transported on a coach bus. As several of our field trips and group outings require transportation, we want to simplify logistics in our first year of operation by having only 1 bus. Additionally, we are aware of space constraints on campus. With the need for both lecture style facilities as well as small group areas, our group can be no larger than what campus facilities can support.

1.5 Financial Glance



1.6 Objectives

1. To be considered the nation's premier summer academic program for entrepreneurship.
2. Net profit/sales to be positive by the second year.
3. Pre tax profits greater than \$250,000 by year 4.
4. Gross margin higher than 100%.

1.7 Keys to Success

1. Mutually beneficial relationship with host University, Washington University
2. Satisfied Students
3. Access to selective marketing materials
4. Ability to attract guest speakers, professors, and businesses

1.8 Company Ownership

Summer College will be created as a Limited Liability Corporation based out of St. Louis, Missouri. It will be owned by its principal investors, Adam Schneider and Barton Hamilton. Adam is the acting Managing Director and holds an 80% stake in the company. Bart is the CCO (Chief Curriculum Officer) and holds a 20% stake in the company.

Management Team

Executive Leadership:

Summer College will be led by Adam Schneider and Barton Hamilton. Together, this group runs the day-to-day operations and owns 100% of outstanding stock.

Barton Hamilton

Barton Hamilton is the Robert Brookings Smith Distinguished Professor of Entrepreneurship at the Olin Business School at Washington University in St. Louis. He is developing a new healthcare management program at the Olin Business School, and serves on the University advisory board for the Skandalaris Center for Entrepreneurial Studies. He completed his undergraduate degree in economics at the University of California, Berkeley and his PhD in economics at Stanford University.

Professor Hamilton's research interests focus on the areas of entrepreneurship, labor economics, health care management, and econometrics. He has investigated a variety of topics in these areas, including the determinants of entrepreneurial success and the pecuniary and non-pecuniary returns to self-employment, the impact of hospital mergers and acquisitions on patient outcomes, new methods for evaluating medical clinical trials, and the impact of teams on worker productivity. This research has been published in a wide range of leading academic journals, such as the *Journal of Political Economy*, *Journal of Econometrics*, *Review of Economics and Statistics*, *Strategic Management Journal*, and the *Journal of the American College of Surgeons*. His current research explores how diversity affects team performance, performance evaluation in the healthcare industry, and the roles that small and large firms play in spawning new ventures.

Professor Hamilton currently teaches courses in entrepreneurship, health care, and compensation in the BSBA, MBA (day and evening), and Executive MBA (St. Louis and Shanghai) programs at Olin. He is a recipient of the Reid award for teaching excellence in the BSBA and MBA programs. He consults for small and large organizations and is an active angel investor.

Adam Schneider

In just over a year as Managing Partner of South 40 Video, an on-campus video rental store, revenue increased by a factor of 3 and investors enjoyed a return of 400%. With this success, Adam was eager to tackle the challenge of bringing a new business to market. As founder and principal of South 40 Sunshine, a campus salon business, Adam recognized a market demand, developed a business plan with sales and revenue forecasts, raised capital, and successfully formulated and executed a go-to market strategy. Profitable in its first quarter, the business is currently executing an aggressive growth strategy. Additionally, Adam has significant commercial real estate experience from his work at Colliers International and Jones Lang LaSalle, London.

2.0 Start-up Summary

The total start-up expenses (including legal, office supplies, telephone, internet, marketing material design, printing, postage, website design, summer fair registration and transportation, and other, come to \$41,096.

The details are included in the following table and chart.

| | |
|--|-----------------|
| Professional Fees | |
| Legal Fees - LLC, Articles of Org and Opp, Procedures | \$7,500 |
| | |
| Office Fees | |
| Office Supplies | \$2,000 |
| Telephone/Internet expense @ \$125 p/m | \$750 |
| Professional Answering Service @ \$75 p/m | \$450 |
| | |
| Marketing Expenses | |
| Marketing Material Design | \$10,000 |
| Marketing Material Printing = $\$3 * 5.0\% \text{ yield} = 1040 \text{ per } 52$ | \$3,120 |
| Postage for marketing materials = $.41 * 5.0\% \text{ yield}$ | \$426 |
| Banners/Signs for fairs | \$750 |
| Summer fair Fees | \$500 |
| Transportation to summer fairs | \$2,000 |
| Web directories, search fees (advertising expense)? | \$3,000 |
| | |
| Website | |
| Website Development | \$10,000 |
| Website Upkeep - @\$100 p/m | \$600 |
| TOTAL | \$41,096 |

3.0 Company Locations and Facilities

- Summer College headquarters will be established as a home office during Year 1 of operation.
- Washington University will provide the facilities for Summer College's Certificate in Entrepreneurship.
- Summer College will establish a new headquarters in rented office space, located in St. Louis, Missouri, at the beginning of year 2.

4.0 Program Details

College students will be recruited to serve as program counselors and facilitators. In the hiring and selection process for program counselors, a strong preference will be given to students who are or have been active in Washington University's Student Entrepreneurial Program (StEP). Counselors who are business owners themselves are better suited to facilitate camp programs and offer campers a unique opportunity to be mentored by young entrepreneurs.

The schedule for the camp will include the following:

Faculty Lectures: Faculty lectures will be given in the following areas

1. Understanding Financial Statements
2. Business Software – Business Plan Pro, Excel
3. How to find an idea – What need means
4. Raising Capital
5. Forecasting demand and expenses
6. Business Ethics/ Leadership
7. Marketing and Operations – Market Sizing

IdeaBounce®: During the program, students will participate in two IdeaBounce® events. Each student will have the opportunity to present a 2 minute “elevator pitch” to the audience and a panel of judges detailing a new business venture. Students will highlight the need in the market, how their product or service fills the need, the target market and market size, and what resources will be needed to get the business off the ground. Judges will score each presentation and give written evaluations and critiques to each participant. IdeaBounce® is designed to be an individual event and will give each and every student the opportunity to present an idea to a large audience.

Business Plan Competition: Students will be split into groups of four or five and develop a business plan for an original product or service of their choosing. Business plans will be required to include the following: Executive Summary, Service Description, Business Strategy,

Industry and Market Analysis, Marketing Strategy, Management Team, Competitive Analysis, Risk Analysis, and Financial Summary. Counselors will be assigned to each small group and will offer personal assistance throughout the process. This project is a significant undertaking and will require students to put in time outside of the allotted daily schedule. At the end of program, student will give a formal presentation of their business plan to the entire group. Awards, in a wide range of categories, will be given to both groups and individuals. Students will each be given a professionally bound copy of the business plan they helped to create.

Office Hours: On nights and weekends, counselors will have designated office hours. During this time, students and student groups will have the opportunity to receive assistance on their business plans. This one-on-one time, or time in small groups, will provide program participants with a unique opportunity to be mentored by successful student entrepreneurs.

Panel Discussions: A panel discussion will be held each week. 4 entrepreneurs will be brought in from the St. Louis community to discuss their business/background. Students will have the opportunity to ask questions at the end of the discussion and network with the panelists during a small reception at the conclusion of the event.

Business Visits: Students will participate in 3 business visits during the program. During these on-site trips, students will have the opportunity to tour the facilities and see operations in practice. Students will meet directly with business owners and high level executives, and have the chance to ask questions. Upon returning from each visit, students will be broken into teams where they will evaluate the company's procedures and practices and make formal recommendations on improvements to operations.

Social Activities: While this program is academically oriented, we also focus on having fun! Students will have the opportunity to explore the City Museum, attend a Cardinal baseball game, take a ride to the top of the St. Louis Arch, and enjoy dinner and music at Forest Park's Boathouse. Admission and transportation for each event is included in the program fee.

5.0 Sales Literature and Marketing

In our first year of operation, we will rely heavily on advertising from a partnership with DECA, an international association of high school students studying marketing, management and entrepreneurship in business, finance, hospitality and marketing sales and service. By sponsoring an event at DECA's state-wide competition, Summer College will gain exposure to a large number of individuals in our target market. Additionally, pamphlets will be sent to select high schools around the nation whose students have a proven interest in Washington University. Moreover, we are confident that a partnership with the Office of Undergraduate Admissions will provide us with a strong applicant pool. Summer College will also have booths at summer activity fairs in select areas.

5.1 Website

Upon formal launch of Summer College, a website will be released which will offer interested parties information on the program. As specific logistical information for the summer program is set, it will be added to the site. Additionally, the website will be used to promote our host university. Student testimony, a video campus tour, and a question drop box will all be incorporated to the site.

6.0 Fulfillment

1. Summer College's fulfillment will be allowed by program facilitators' dedication to making students active participants in their own entrepreneurial education. This is achieved through the solid network of professors, guest speakers, and business leaders who are all involved in the program.
2. We will maintain a mutually beneficial relationship with our host, Washington University in St. Louis.

7.0 Competitive Comparison

Summer College's competitive advantage is as follows:

1. Takeaway: Each program participant will leave with a professionally bound copy of the business plan they helped to create.
2. Curriculum: Our curriculum ensures that students will be active participants in their own entrepreneurial education. Students will be exposed to consulting through the program's business visits – this is a strong point of differentiation when compared with the hypothetical cases given by competing programs.
3. Recommendations: Our program offers participants personalized letters of recommendation signed off by Olin Faculty
4. Location: There are no summer academic programs for entrepreneurship located in the Midwest.
5. Washington University: Our partnership with Washington University, one of the nation's leading research institutions is a strong point of differentiation from competing programs. Summer College's partnership with our host university will help us establish the elite summer academic program.

7.1 Competition Overview

Founded in 1989 and based in Chicago, Illinois, National Student Leadership Conference (NSLC) offers a variety of educational-based camps for high-school students. The program is available to both domestic and international students. NSLC offers a variety of programs, including Medicine & Healthcare, Engineering, International Diplomacy, and Sports and Entertainment Management. Summer College will be competing with NSLC's Entrepreneurship & Business Program. All NSLC programs offer a variety of activities throughout each day of the camp. Campers will attend classes, participate in simulations, and attend a variety of social

events. To earn admission into one of the NSLC programs, high school teachers and counselors can nominate students who maintain a B grade average in school. Students also have the opportunity to apply for the camps through the NSLC website.

According to NSLC's website, the camp wants to emphasize the development of the students' leadership skills while engaging in numerous activities that relate to the specific camp. In the Entrepreneurship & Business program, the students work in groups to develop business plans and manage all aspects of the business. In addition to learning about basic business principles in lectures and participating in a variety of leadership activities, the campers have the opportunity to visit business and financial institutions. With the camp based in New York University and Fordham University (different sessions) in the summer of 2008, the students have the opportunity to visit and learn about Wall Street.

The Entrepreneurship & Business camp lasts for 10 days and costs \$2295. The variety of camps offered, in addition to the Entrepreneurship & Business sessions, indicate the popularity of these summer academic sessions. Hosting this camp in New York City allows students access to the United States' largest city and financial capital. The NSLC camp, while focusing on business strategy and development, offers activities to supplement the conference's core curriculum.

NSLC has a strong market position because of its experience and size. In addition to its relationship with NYU and Fordham, NSLC hosts other camps at American University, University of California-Berkeley, and the University of Maryland. These institutions are all well-established schools that are located in booming communities, but they are confined to the East and West Coast.

8.0 Financial Plan

Each camp session will last for fourteen days. The goal is to attract 52 high school students for each session. For the first year, we plan on hosting only one session; year two will have two sessions, followed by four sessions in year three and six sessions in year four. We plan on maintaining a 13:1 student-to-counselor ratio for each camp, thereby having four counselors per unit session, which should allow for significant and meaningful interactions between the students and their group leaders.

The fiscal year for the camp will be between April and March. On the income statement the first date range, September 2008 through March 2009, represents the period before the beginning of the first fiscal year. It is during this time period in which initial startup costs will be paid.

Both revenues and expenses were estimated based on market research, costs of competitors, and rates available in St. Louis. However, we realize that there are a variety of factors that will affect all of our costs in the future. For instance, the cost of the camp (the revenue per student) is based on the cost of the NSLC camp. Depending on the success and demand of our camp, the revenue earned from each camp participant will change. The facilities charges include the room and

board fees for both students and counselors at Washington University. Our income statement model assumes that room and board costs will remain constant from year to year. These costs could increase for our business if the University decides to raise the costs. Professional fees for each summer could vary based on the changes in accounting costs, legal fees, and salary paid to the counselors. Additionally, advertising expenses will change based on much we decide to advertise our camp for each summer. A variety of macroeconomic conditions, including a slowed economy or robust stock market, will affect what our annual expenses will be. It must also be noted that beginning in year 3, we will incur a \$35,000 expense for a professional staff that will help us run the business.

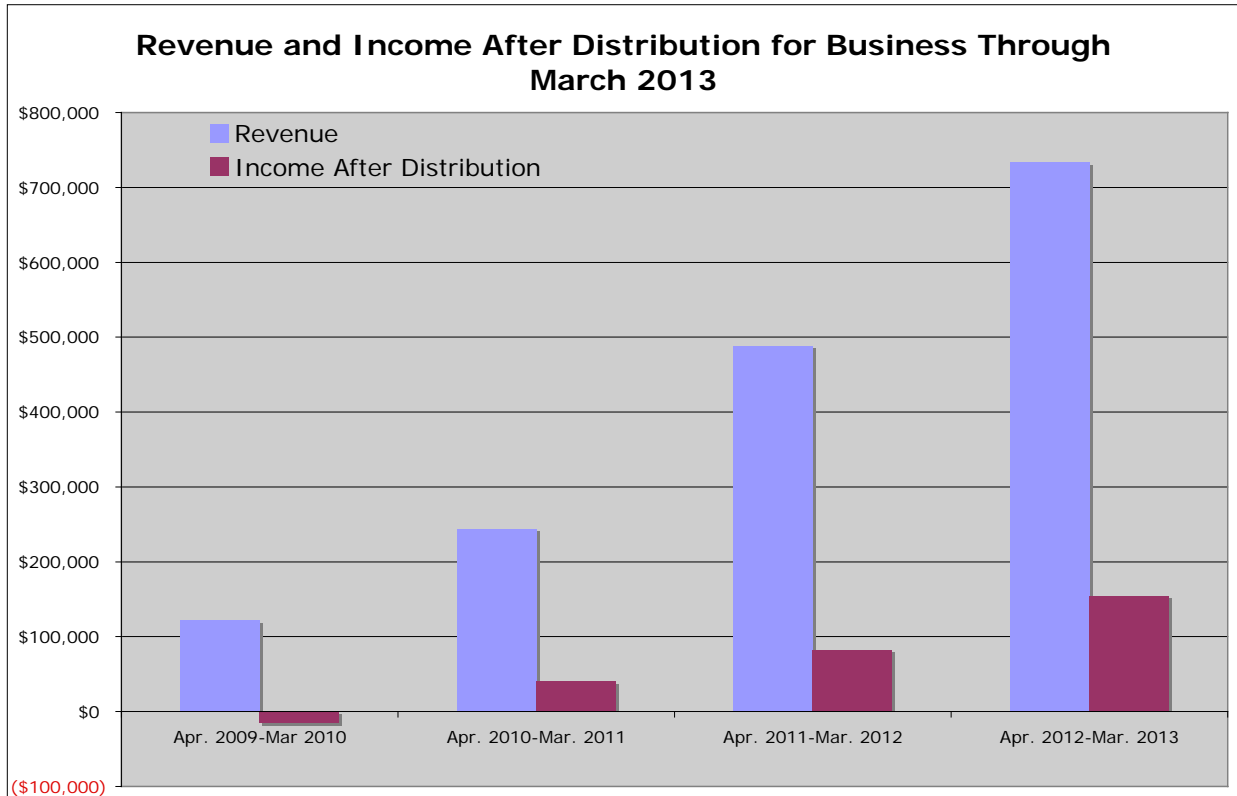
The income statement is a conservative estimate of revenues and expenses and does not factor in all potential future components of the business. Also, as our camp becomes more successful, we will expand our business by releasing software programs, books, and other entrepreneurial material that will supplement the camp. These additional business activities will both increase revenues and expenses.

The following table displays the income statements through March 2013:

| CAMP | | | | | |
|---|----------------------|--------------------|---------------------|---------------------|---------------------|
| Statement of Income | | | | | |
| | Year 0 | Year 1 | Year 2 | Year 3 | Year 4 |
| | Sept. 2008-Mar. 2009 | Apr. 2009-Mar 2010 | Apr. 2010-Mar. 2011 | Apr. 2011-Mar. 2012 | Apr. 2012-Mar. 2013 |
| Revenues | \$0 | \$122,200 | \$244,400 | \$488,800 | \$733,200 |
| Expenses | | | | | |
| General and Administrative Expenses | | | | | |
| <i>Professional Fees</i> | | | | | |
| <i>Accounting</i> | | | | | |
| | 0 | 1,000 | 1,000 | 1,000 | 1,000 |
| <i>Legal Fees - LLC, Articles of Org and Opp, Procedures</i> | \$7,500 | \$0 | \$0 | \$0 | \$0 |
| <i>Faculty Lectures</i> | | | | | |
| | 0 | 2,500 | 5,000 | 10,000 | 15,000 |
| <i>Guest Speakers</i> | | | | | |
| | 0 | 2,500 | 5,000 | 10,000 | 15,000 |
| <i>Panel Discussions/Reception</i> | | | | | |
| | \$0 | \$200 | \$200 | \$400 | \$400 |
| <i>Professional Staff</i> | | | | | |
| | 0 | 0 | 0 | 35,000 | 35,000 |
| <i>Student Counselors = based on 1 per 13 @ 1,000 p/w</i> | 0 | 8,000 | 16,000 | 32,000 | 48,000 |
| Total Professional Fees | \$7,500 | \$14,200 | \$27,200 | \$88,400 | \$114,400 |
| <i>Supplies</i> | | | | | |
| <i>Office Supplies</i> | | | | | |
| | \$2,000 | \$2,000 | \$4,000 | \$4,000 | \$4,000 |
| <i>Academic Supplies (Course Packs) @ \$30 per kid</i> | \$0 | \$1,560 | \$3,120 | \$6,240 | \$9,360 |
| <i>T-Shirts for campers - \$10</i> | \$0 | \$520 | \$1,040 | \$2,080 | \$3,120 |
| <i>Banners/Signs for fairs</i> | \$750 | \$0 | \$0 | \$0 | \$0 |
| Total Supplies | \$2,750 | \$4,080 | \$8,160 | \$12,320 | \$16,480 |
| <i>Facilities</i> | | | | | |
| <i>Facility Charges</i> | | | | | |
| | \$0 | \$0 | \$0 | \$0 | \$0 |
| Campers | | | | | |
| <i>Room Fees @ \$29, dbl modern dorm</i> | \$0 | \$19,604 | \$39,208 | \$78,416 | \$117,624 |
| <i>Board Fees @ \$20 per day - 14 days</i> | \$0 | \$14,560 | \$29,120 | \$58,240 | \$87,360 |
| Counselors | | | | | |
| <i>Room Fees @ \$29, dbl modern dorm</i> | \$0 | \$1,624 | \$3,248 | \$6,496 | \$9,744 |
| <i>Board Fees @ \$20 per day - 14 days</i> | \$0 | \$1,120 | \$2,240 | \$4,480 | \$8,960 |
| Total Facilities | \$0 | \$36,908 | \$73,816 | \$147,632 | \$223,688 |
| <i>Technology</i> | | | | | |
| <i>Website Development</i> | | | | | |
| | \$10,000 | \$0 | \$0 | \$0 | \$0 |
| <i>Website Upkeep - @\$100 p/m</i> | | | | | |
| | \$600 | \$600 | \$1,200 | \$1,200 | \$1,200 |
| <i>Business Plan Pro/Software - \$100, shared 4 campers per</i> | \$0 | \$1,300 | \$2,600 | \$5,200 | \$7,800 |
| Total Technology | \$10,600 | \$1,900 | \$3,800 | \$6,400 | \$9,000 |
| Additional General and Administrative Expenses | | | | | |
| <i>Telephone/Internet expense @ \$125 p/m</i> | \$750 | \$1,500 | \$1,500 | \$2,200 | \$2,200 |
| <i>Admin office Rent, Utilities, etc. -\$1,000 p/m</i> | \$0 | \$12,000 | \$12,000 | \$12,000 | \$12,000 |
| <i>Professional Answering Service @ \$75 p/m</i> | \$450 | \$900 | \$900 | \$1,800 | \$1,800 |
| <i>Insurance</i> | | | | | |
| | \$0 | \$1,200 | \$2,400 | \$4,800 | \$7,200 |
| <i>Print services for business plan binding (\$12/student)-</i> | \$0 | \$1,248 | \$2,496 | \$4,992 | \$7,488 |
| <i>Print Services during program - 150 d/s pages @ .12</i> | \$0 | \$936 | \$1,872 | \$3,744 | \$5,616 |
| Total Additional General and Administrative Expenses | \$1,200 | \$17,784 | \$21,168 | \$29,536 | \$36,304 |
| Total General and Administrative Expenses | \$22,050 | \$74,872 | \$134,144 | \$284,288 | \$399,872 |
| Selling Expenses | | | | | |
| <i>Advertising</i> | | | | | |
| <i>Summer fair Fees</i> | | | | | |
| | \$500 | \$1,000 | \$2,000 | \$3,000 | \$3,000 |
| <i>Transportation to summer fairs</i> | \$2,000 | \$4,000 | \$8,000 | \$12,000 | \$12,000 |
| <i>Web directories, search fees (advertising expense)?</i> | \$3,000 | \$6,000 | \$12,000 | \$18,000 | \$18,000 |
| <i>Marketing Material Design</i> | | | | | |
| | \$10,000 | \$0 | \$0 | \$0 | \$0 |
| <i>Postage for marketing materials = .41 * 5% yield</i> | \$426 | \$853 | \$1,706 | \$2,558 | \$2,558 |
| <i>Marketing Material Printing = \$3 * 5% yield = 1000 per 50</i> | \$3,120 | \$6,240 | \$12,480 | \$18,720 | \$18,720 |
| Total Advertising | \$19,046 | \$18,093 | \$36,186 | \$54,278 | \$54,278 |
| <i>Transportation/Activities</i> | | | | | |
| <i>Transportation - Cavallo 56 pass. Coach bus - \$505 per 5 hr</i> | \$0 | \$1,515 | \$3,030 | \$6,060 | \$9,090 |
| <i>City Museum - \$8 per</i> | \$0 | \$416 | \$832 | \$1,664 | \$2,496 |
| <i>Baseball Game = \$15 per</i> | \$0 | \$780 | \$1,560 | \$3,120 | \$4,680 |
| Total Transportation/Activities | \$0 | \$2,711 | \$5,422 | \$10,844 | \$16,266 |
| Total Selling Expenses | \$19,046 | \$20,804 | \$41,608 | \$65,122 | \$70,544 |
| Total Expenses | \$41,096 | \$95,676 | \$175,752 | \$349,410 | \$470,416 |
| | (\$41,096) | \$26,524 | \$68,648 | \$139,390 | \$262,784 |
| Net Income Before Taxes | | (\$14,572) | \$68,648 | \$139,390 | \$262,784 |
| Minimum Partner Distribution | 41% | \$0.00 | \$28,145.84 | \$57,149.74 | \$107,741.28 |
| Income After Distribution | | (\$14,572) | \$40,503 | \$82,240 | \$155,042 |

On the income statement, the “tax rate” is set at 41%. This is the distribution that the partners will pay, so the net income for the business is also known as the Income After Distribution.

The following chart shows how both Revenue and Income After Distribution through March 2013.



From April 2009 through March 2010, the Income After Distribution will be negative; most businesses tend to lose money in their first year of operation. We expected to have negative income initially because we will only offer one session for the first year. As the number of sessions increase, we expect to have positive income.

8.1 Break Even Analysis:

We conducted a break even analysis for each year. For each year we want to maintain the student-to-counselor ratio of 13:1. Our revenue and many of our expenses are based on the number of students and/or counselors at our camps. To conduct a breakeven analysis, we had do

determine the number of counselors and students required per session to yield a net income (before taxes) of zero while maintaining the desired 13:1 ratio. A solver program on Microsoft Excel was used for the desired computations.

The following chart shows the optimal number of students required for each session to break even while maintaining the 13:1 ratio.

| | Year 0-1 | year2 | year 3 | year 4 |
|-------------------|-----------------|--------------|---------------|---------------|
| students | 64.4 | 24.43 | 24.76 | 18.46 |
| counselors | 4.95 | 1.879 | 1.9 | 1.42 |

It is important to understand, once again, that the number of students and counselors in the chart are the required number of each category per camp. For instance, in year 2, each camp must have approximately twenty-four students and two counselors to break even (before taxes).

