

Hippocampus Education Centres **Business Plan**

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1. BUSINESS OVERVIEW

Grameen Financial Services Private Limited (GFSPL) is a Microfinance institution which works with a wide network of more than 400,000 clients, a majority of who are women from very poor families across Karnataka. GFSPL started its operations in 1999 under the name Grameen Koota with the help of seed-capital funding from Grameen Trust.

Grameen Financial Services Pvt Ltd offers collateral-free micro-finance services that are simple and easily understood by clients who belong to economically weaker sections of the society. Clients may access a range of loan products for emergency household needs, income generating or entrepreneurial activities. Grameen Financial Service Private Ltd. extends its various loan products through two divisions:

Grameen Koota (GK): Group Lending through Joint Liability Groups

Maarg : Individual lending

Grameen Koota is one of the oldest Microfinance institutions in India. Grameen Koota offers a wide range of financial and developmental services to all its clients. Clients have the option of seeking loans for income generation, emergency needs, water connections, sanitation facilities, efficient cook stoves, etc. Apart from these, Grameen Koota also offers assistance to its clients and family members through socioeconomic development workshops, health camps, vocation & skill-based training programs for young men and women, increasing customer awareness on important matters like health, hygiene, money management, etc.

Grameen Koota has always taken the initiative in designing new products and services to meet the customers' needs regularly. A very robust process of data collection and analysis has ensured that Grameen Koota is not only able to track its clients' poverty levels but also collect other socially relevant information such as education requirements in the family, health issues, etc.

Having supported clients' financial needs and working closely with them for many years, Grameen Koota realized that there is a significant need and demand for quality education among their children, especially those living in rural areas. Grameen Koota planned to initiate education centres for school children to increase the quality of engagement not just with clients, but with the local village community. The centres established for this purpose will provide high quality education close to their place of living and bridge the gap in education standards provided in rural locations. Thus, Grameen Koota planned to start 20 Education Centres across rural Karnataka as part of developmental initiatives for the academic year. These integrated education centres will be operated in partnership with Hippocampus Learning Centres (HLC) in villages. These centres shall cater to different categories of students through three programs:

2. PRODUCTS AND SERVICES OFFERED BY HIPPOCAMPUS LEARNING CENTERS

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Primary Education Centres – This is a program for children studying in primary school (Age 6-13 years) to enhance their creativity, fluency in English, and skills in Math. Specifically, the program aims to instil the same levels of confidence and creativity as seen in children enrolled in urban schools.





Video based Coaching Centres – This is a program designed by the Swami Vivekananda Youth Movement (SVYM) for students aged around 15-16 years, to help them clear their SSLC (Secondary School Leaving Certificate) examinations. Audio-video teaching aids such as DVDs are used to standardize teaching across these centres.

Kindergarten Centres – This is a pre-school program for children aged between 3 and 5 years. Grameen Koota has partnered with Hippocampus for low cost materials and the pre-school curriculum.

As all the three programs are aimed to help students learn better in addition to the existing school curriculum, the centres have to be priced very reasonably in order to attract students. At the same time, the price has to be sufficient for the centres to remain financially viable. Given this background, based on existing experience of Hippocampus as well as discussions with some clients, the pricing structure was decided as follows:

These centres will be called franchised under the ‘Hippocampus’ brand centres, and will be owned and operated by Grameen Koota. Hippocampus will provide all the material, training and technical assistance to operate these centres. Grameen Koota shall invest in the centres, recruit facilitators, find the space for these centres and ensure that these centres operate as per the defined guidelines. Grameen Koota will provide a portion of total fees to Hippocampus as royalty to cover the costs of technical assistance and materials.

Program	per month	per year	per year (\$)
Primary Education Centre	110	1100	22
Coaching Centre	150	1500	30
Kindergarten	200	2000	40

On a per student per month basis. All figures in rupees unless mentioned otherwise

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3. MARKET ANALYSIS

To start the education centres, Grameen Koota decided to select only those villages within its network. This was mainly due to the presence of field staff already in those villages as well as awareness among clients about Grameen Koota. This would make the product easier to sell as the clients would associate the product with Grameen Koota.

The other criteria for the villages to be selected were:

1. The village should have a high school, as the hypothesis was that there would be enough students who would be interested in joining the learning centres.
2. Each village should have a minimum of 750 households for the centres to be sustainable.
3. The villages in which people had higher incomes to be able to pay fees were selected for sustainability of centres.
4. The social conditions within villages was analysed to ensure that there was no problem for students of different castes to sit in the same classroom.
5. The infrastructure facilities available in the village were also verified to determine the availability of appropriate infrastructure for setting up the centres.

4. COMPETITION

There are different kinds of institutions offering education based services in villages. There are local government schools and Anganwadi centres. The Anganwadi centres effectively act as a day-care program for small children and offer food to the children in the afternoon. Anganwadis also have a program called Bhagyalakshmi scheme which encourages parents to send their girl children to study.

Apart from these, there are local convents which are already established and many students attend these convents to get good quality education, especially in English.

For the coaching centre program for SSLC students, the local school teachers as well as some part-time teachers also provide tuition classes. The key challenge is to position the coaching centre course, which is a video-based coaching manual and pretty unique & new to most students in rural areas.

The strength of the Hippocampus learning centres as compared to the competitors lies in its ability to make the learning process fun, especially for the primary education and kindergarten students. The usage of pictures, stories as well as games keeps the children engaged.

5. MARKETING STRATEGY

The marketing strategy for the Hippocampus learning centres were planned on four different lines:

1. Through Grameen Koota members – announcements at Kendra meetings.
2. Posters, leaflets and audio-campaigns in each village.
3. Door to door campaign to cover non-Grameen Koota customers.
4. Involving local elected representatives.

One critical step in promotion of the education centres is to develop innovative and catchy collateral, which will make people curious & interested. The marketing plan for education centres included usage of masks shaped like the Hippocampus mascot, pamphlets, Hippocampus caps, posters and an audio campaign using auto-rickshaws for all three programs.





5. MARKETING STRATEGY Cont'd

The centre meetings of Grameen Koota are a good platform for announcements to attract both facilitators for the centres as well as students for enrolment for the classes. These announcements were planned over 4 weeks during the meetings.

A door-to-door campaign with pamphlets of the Hippocampus education centres was also planned, which was to ensure that all villagers were made aware of the programs, including non-Grameen Koota customers. Meetings were planned at local panchayat (village body) level so that the elected village representatives were made aware of the education centres. Their acceptance of these centres is a big step in convincing the villagers that the centres are worth the money they will be spending. The plan was also to invite local panchayat members to the inauguration function of the centres in respective villages.

6. BUSINESS STRUCTURE AND MANAGEMENT

For the Hippocampus education centres, the following people will be closely involved in the project:

- **Initiative shall be led by Managing Committee team** comprising of the Managing Director, Chief Executive Officer, Chief Operating Officer and Head – Non Financial Products (NFP) who shall meet on a fortnightly basis for the first 15 weeks and monthly once thereafter to review the program and provide necessary guidance. From implementation perspective, the Head-NFP shall work very closely with the centres, branch staff as well as Hippocampus on a day-to-day basis.
- **The respective Branch Managers and the Kendra Managers shall monitor and support these centres** in recruitment of facilitators, promotional activities as well as student enrolments. This will be a part of their goal sheets.
- **Each program shall have 1 facilitator (60 in total) appointed by GFSPL**, who shall run the classes every day. These facilitators should be minimum 12th pass candidates, preferably ladies who belong to the same village. The centres will be reporting into the branch manager of GFSPL responsible for operations in that area.
- **A team of 3 project coordinators from the Marketing & New-initiatives team shall work full time** in monitoring the entire process to be followed to set-up & run the centres continuously.
- **A team of 20 people from 'Hippocampus Learning Foundation'**, who are the subject matter experts, shall work very closely with GFS to develop the content, sourcing of material, planning of the activities, timetable for classes, technical training for teachers, etc. Considering initial establishment cost, training costs, marketing costs as well as income as projected above for next 5 years, the internal rate of return will be 7%. By bring down the costs of establishment by Rs. 200000, the internal rate of return can be increased to 10%.





7. FINANCES

Establishment Costs

21" TV, DVD & UPS	25000
DVD's with content	5000
Chair	1000
Black Board	1000
Tables	3000
Miscellaneous	5000
Fixed assets per centre	40000

Total fixed assets 800000

Estimated Marketing Costs 150000
Initial Training costs for teachers 220000

Income-Expense Statement	FY'11-12	FY'12-13	FY'13-14	FY'14-15	FY'15-16
Fee Income from PEC program	389400	594000	660000	660000	660000
Fee Income from CC Program	168000	445500	495000	495000	495000
Fee Income from KG Program	324000	498000	550000	550000	550000
Total Income through fee collections	881400	1537500	1705000	1705000	1705000
Centre Expenses (for 20 centres)	1003800	1003800	1003800	1003800	1003800
Salaries & Rent	707800	707800	707800	707800	707800
Technical assistance fees at centres	296000	296000	296000	296000	296000
Net Operating Income	-122400	533700	701200	701200	701200
Tax payable	0	160110	210360	210360	210360
Income after taxes	-122400	138320	490840	490840	490840

All figures in Indian Rupees

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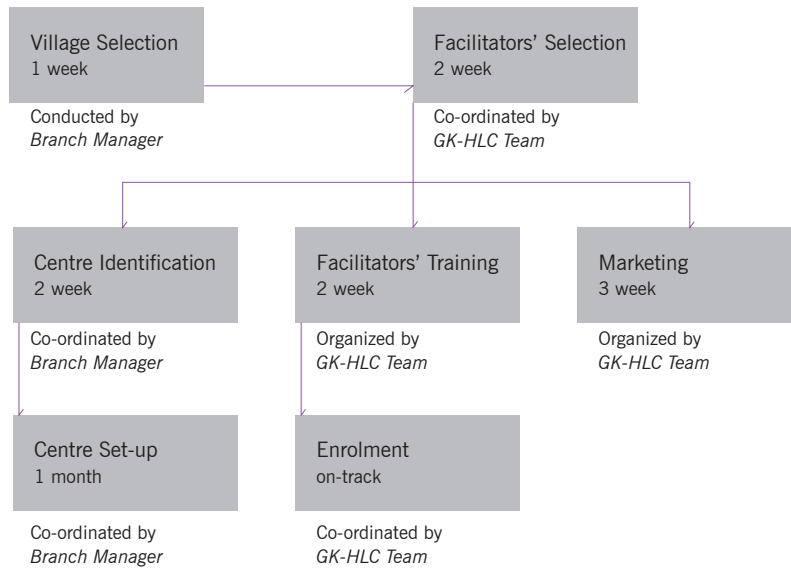
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8. ACTION PLAN

Process Flow for initial set-up & starting of education centres:





8. ACTION PLAN Cont'd

Detailed Steps

- Grameen Koota identifies the branches/managers/area of operation to set up 20 centres. **Week 1**
- Grameen Koota trains managers on village selection criteria, identifying the right premises, selecting appropriate facilitators, setting up centres, running the centres effectively, etc. **Week 2**
- Branch staff identify villages with enough households to meet centre capacity. **Week-3**
- Branch managers identify & finalize appropriate premises to run centres, with a confirmation from Area Manager. **Week 4**
- Branch staff invite applications for teachers and facilitators and conduct initial screening depending on the eligibility criteria provided by Hippocampus. **Week 4**
- Facilitator selection process is a two-step process conducted jointly by Grameen Koota branch manager and Hippocampus staff. The selection process involves a written test conducted at Grameen Koota branches followed by an interview by Hippocampus Learning Foundation, to assess the aptitude and the attitude of facilitators. **Week 5 & 6**
- Hippocampus Education Coordinators conduct teachers training. **Week 7 & Week 8**
- Respective branch staff collect standardized teaching equipment from Hippocampus and set up the centres. **Week 8**
- Facilitators conduct promotional activities at the branch & begin enrolling students. **Week 9 & Week 12**
- Centers are inaugurated and begin operations. **Week 12**





Appendix | Strategic SWOT Analysis

Strengths

- Personal interaction with all customers
- Ability to explore multiple products to help customers
- Strong management capabilities
- Good brand image and awareness with customers
- Presence in remote locations to gather pulse of the market

Weaknesses

- Dependence on funding through banks and financial institutions
- Grameen Koota is relatively new to the education sector

Opportunities

- Tapping the demand for good quality education in rural areas
- Absence of structured & private education centres

Strategies using strengths to address opportunities

- Use Grameen Koota's existing network across rural Karnataka
- Leveraging the experience of partners like Hippocampus & SVYM

Strategies to reverse weaknesses to address opportunities

- Recruit education coordinators & train them on the content as well as approach
- Motivate branch staff on the importance of providing developmental services to clients

Threats

- Tapping the demand for good quality education in rural areas
- Absence of structured & private education centres

Strategies to counter threats with strengths

- Use Grameen Koota's branch staff to explain the advantages of the education centres promoted by Grameen Koota
- Determine acceptable prices through a study among parents and price the courses accordingly
- Training of both branch staff as well as teachers
- Start campaigning and registration 1-2 months before the start of academic year
- Place posters in strategic locations in villages so that all villagers are made aware of the centres

Strategies to fix vulnerabilities

- Closely involve coordinators from partners like Hippocampus & SVYM who have experience in the education sector
- Backup teachers in form of education coordinators should be appointed

