

## About the Business:

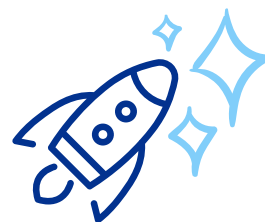
### Company Overview

Founded in early October 2020, PAVE is located within the Academy of Finance and Enterprise HS, in Long Island City. Peer Academic Virtual Education is an empowering organization that provides peer to peer instructional videos and educational products that will improve teens' life skills in and out of school. Our firm provides detailed and essential videos taught by PAVE employees in the courses of financial literacy, college readiness, and career success, where alumni, teachers, and professionals (from distinctive fields) are featured. All of our employees are able to create instructional videos, based on their experience and qualifications obtained through related courses and internships. When it comes to choosing a legal structure, we have chosen to become a benefit corporation, which allows the flexibility to pursue financial and non-financial interests while maintaining social responsibility. We believe that our purpose is to create a public benefit by focusing on underserved individuals with beneficial products, such as our peer-to-peer videos that help teenagers embark on their professional trajectory. However, for tax purposes, we have selected to be taxed as a traditional C-corporation for the many benefits it affords such as limited liability protection and perpetual life.



### Mission Statement

We empower young people with the skills needed to pave their way to college and career success. We do this through collaborative peer to peer instruction that inspires students to accomplish their dreams.



## Business Rationale:

### PROBLEM

According to the U.S. Bureau of Labor, only 66% of students between 16 to 24 years old, who graduated from high school in 2019, were enrolled in college<sup>1</sup>. This gap is based on the lack of information (or often misleading information) in the college application process across Generation Z. Many schools are unable to provide students with the tools they need to be financially literate and career ready because they lack the resources to do so. As we are going through the same process of applying to colleges, starting our careers, and exploring "adulthood finances," we find the common issues and mistakes, and work to assist them through the process.

We understand the stressful process of applying to college and starting a career and we want to serve as a resource to alleviate this stress during these challenging times. Through our peer to peer learning videos, we help in preparing students with the skills needed through examples, tips, and detailed tutorials to lead them into college and career preparation. Employees at PAVE have taken business courses such as Career and Financial Management, Computer Applications, Accounting, and Entrepreneurship.<sup>2</sup> These classes have been supplemented with the completion of internships at companies such as KPMG, JP Morgan, and Citi Bank which have expanded their knowledge and expertise.

### SOLUTION



## Pricing

Will customers pay for these videos?

Our target market associates price with quality and as we provide an essential resource for our clients, the use of Premium Pricing is warranted. The average cost of an individual video is \$248, and while this may seem high, our customers are willing to pay for quality as shown by exceeding initial sales projections by 183%. <sup>3</sup>



## COMPANY GOALS

	Goal	Strategy
<b>Short Term</b> 	Achieving profitability (breaking even) by March 2021 ✓ *completed on Dec. 10th, 2020*	The finance department will provide monthly statements in order to keep track of company expenses and revenues, take advantage of trade fairs to increase profit, and consistently release new videos with a proper promotion strategy.
	\$1.76 million in sales by April 2021	Through a strategic marketing plan and strong social media campaign, our company will be able to generate revenue from pushing more sales through the website, tradeshows, and out of network deals.
<b>Long Term</b> 	Decrease customer acquisition cost from \$18 to \$5 (by April 2022)	To accomplish this, PAVE plans on creating referral programs (refer friends to receive a discount on products), focusing on free advertising through social media platforms, and exponentially decreasing marketing costs (receiving more customers per dollar spent.)
	Partner with firms from three different countries (Montenegro, Spain, Germany) to increase international brand awareness and earn \$250,000 in sales internationally (by January 2022)	Take advantage of VE Virtual events (such as online international trade fairs) by communicating and interacting with international firms as well as emailing in search of long-term partnerships with other businesses.

## Marketing Plan:

### Target Market

We have identified our primary target market to be middle school and high school students between the ages of 11 to 19 (with a virtual annual salary of \$11,000). These are split between middle school for VE-JV (generally 11-13) and HS-VE (14-19). Through market research, we found that our customers fall in the following demographics, psychographics, geographic, and socio-economic levels:

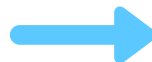
- **Demographics:** Middle to high school students (part of Generation Z) that participate within the VE and VE-JV program. Include non-English or bilingual speakers (specifically speaking Spanish, Mandarin, Bengali, Cantonese, Portuguese, Arabic)
- **Psychographics:** Interests in applying (and matriculation) to college, becoming financially literate, and continuation (and maximization) of all career opportunities.
- **Geographics**
  - Domestically (chosen states make up 63% of all VE employees): NY (150 firms), CA (63 firms), TN (22 firms)
  - Internationally: Montenegro, Spain, Germany (employees speak languages fluently and educational/career values are found to be similar)

### Secondary and Tertiary Target Markets: Parents, School Administrations, Education Professionals

As an additional focus group, we are targeting parents and guardians with VE credit cards, who are instinctively invested in the future of their children, especially as it relates to education and careers. Along with parents, maintaining a connection with school professionals (who have access to large numbers of students) will allow for a large entry point.

### Socio-economic Factor(s):



- **Buying Power:** Generation Z accounts for \$44 billion dollars, which is 40% of all U.S. buyers.<sup>5</sup>
- **Education:** 43% of Generation Z live with at least one parent who has received a Bachelors degree and 44% of college students (US) are first generation.<sup>6</sup>
- **Diversity:** Generation Z is the most ethnically diverse, comprised of 47% members classified under "ethnic minorities."<sup>7</sup>



### What does this mean?

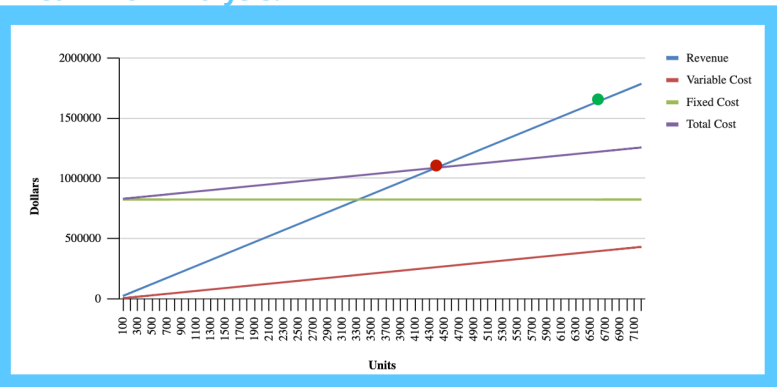
Our target market has the strongest buying ability, are interested in pursuing a college education regardless of their parental circumstances, and place a premium on diversity/inclusion. In this way, potential customers are able to purchase our products as they have a defined need for them.



Type of Risk	Problem	Solution
<b>Password Sharing</b> 	Previous customers giving access to video content to their friends, family, or others. This is heightened with the possibility of bulk purchases (such as a school organization) that can easily share content.	<b>Google Sharing Services:</b> Using link-sharing and download protection on all products purchased on a google browser (or affiliated) to require a "request for access" for every new device (tied to a different IP address).
<b>Reputation</b> 	While we strive to release only the highest quality content, negative reviews posted may hurt any company regardless of truthfulness.	<b>Strong Customer Relationship:</b> We encourage customer feedback and pledge to publicly respond to all correspondence within 24 hours.

## Financial Highlights:

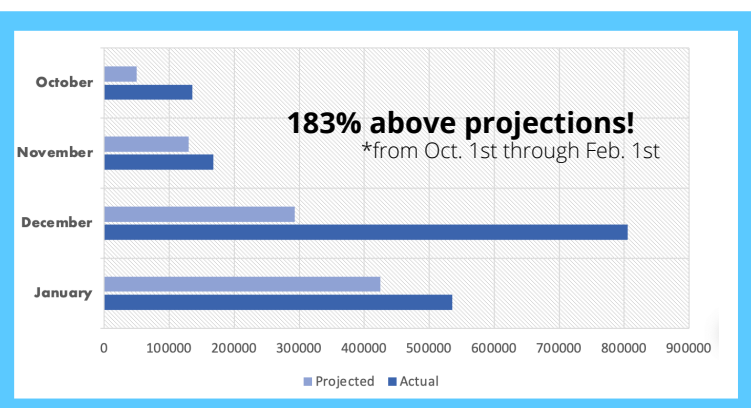
### Break Even Analysis:



- Projected Break Even (**4389 units**)
- Current (**6631 units**) as of Jan. 31st

Our firm surpassed the break even point of 4389 units on December 10, 2020.

### Actual v. Projected Sales



We projected a total of \$898,000 in revenue for the first four months and exceeded that by approximately 183%, generating \$1,644,423.

Completing a break even analysis is important for any company, especially a start-up. We have fixed expenses of **\$825,039** and variable expenses totaling **\$263,340**. The average price of one of our videos is \$248, while the cost of goods sold per video is \$60. This represents a **gross profit margin of 75.8%**. Based on these figures, we project that we will break even when we sell **4389 videos**, which equals **\$1,088,472**.

On December 10, 2020, we met and surpassed our break even point for the year. However, to date, we have sold 6,631 videos. PAVE has proved to be successful, creating a wise and worthwhile opportunity for an investor.

### Projected Sales (as of April 30th, 2021)

Trade Fair: \$880,000 (50%) (3549 individual videos)  
 Website Sales: \$352,000 (20%) (1420 individual videos)  
 Non-VE Sales: \$528,000 (30%) (2129 individual videos)  
 Total: \$1,760,000 (7098 individual videos)

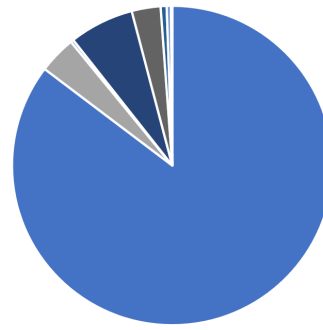




## Projected Expenses:

An analysis of operational and variable expenses is crucial to our success. Annually, PAVE will have a total of \$825,039 in fixed expenses. These expenses consist of salaries, rent, depreciation, payroll tax, advertising, utilities, and interest. As an intellectual property business, we also have additional "inventory" costs of \$60 per individual video sold. With the projected amount of sales, we approximate a cost of goods sold of \$425,820 (for 7098 units).

## Operational Expenses



- Salary (85%)
- Rent (3.8%)
- Depreciation (0.3%)
- Payroll Tax (6.5%)
- Advertising (2.9%)
- Utilities (0.61%)
- Interest (0.43%)
- Supplies (0.13%)

PAVE directs most of its expenses towards its employees' salaries to support the talents and efforts contributed that bring forward this company. This way, we can retain the best talent, while simultaneously increasing employee skills and motivation (avg. VE employee salary of \$11,000 annual)

## Projected Profit/Loss

As of April 30th, 2021, PAVE projects a total of \$1,760,000 in sales revenue, resulting from trade fair sales, contractual sales to non-VE entities, and website sales. Having a cost of goods sold of approximately \$425,820, leads to a gross profit of \$1,334,180. PAVE also projects \$825,039 in operational expenses which are amassed from salaries, rent, depreciation, payroll tax, advertising, utilities, interest, and supplies. The net income before taxes is \$509,141. With corporate income tax valued at \$106,920, the net income after taxes is at approximately \$402,221.

The projected annual income statement allows us to account for changes from month to month. For example, October/November projections for website sales fell short. To mitigate this, the marketing and technology departments increased their efforts in reaching out to potential customers and firms. The PAVE social media department additionally focused on building website traffic by diverting customers directly to make purchases. Exceeding our income projections is directly tied to our ability to adapt to changing market conditions. Knowing this, PAVE is definitively both an exciting and highly profitable investment opportunity.

## Citations:

- <https://www.bls.gov/news.release/hsgsec.nr0.htm#:~:text=Recent%20High%20School%20Graduates%20and,enrolled%20in%20college%20in%20October>
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## P.A.V.E.

Summary Profit and Loss Statement  
For the fiscal year ending 4/30/2021

Revenue	
Trade Fair Sales	\$880,000.00
Contractual Sales to Non-VE Entries	\$528,000.00
Website Sales	\$352,000.00
Total Sales Revenue	\$1,760,000.00
Cost of Good Sold	\$425,820.00
Gross Profit	\$1,334,180.00
Operational Expenses	
Salaries	\$704,000.00
Rent*	\$31,108.00
Depreciation	\$2,412.00
Payroll tax	\$53,856.00
Advertising**	\$24,000.00
Utilities ***	\$5,012.00
Interest****	\$3,549.00
Supplies*****	\$1,102.00
Total Operation Expenses	\$825,039.00
Net Income before Taxes	\$509,141.00
Corporate Income Tax *****	\$106,920.00
Net Income after Taxes	\$402,221.00

\* Rent is \$4,444 monthly and is calculated from October to April

\*\*Advertising cost is \$4000 per month from November to April as there was no advertising for October

\*\*\*Utility cost is \$716 per month, including electricity, heating, telephone, and internet from October to April.

\*\*\*\*Interest expense is based on the first 7 months from our loan from October through April

\*\*\*\*\*Supplies are counted as the cost of headphones used for virtual meetings

\*\*\*\*\* Corporate Income Tax is 21%



## Academy of Finance and Enterprise

30-20 Thomson Avenue, Long Island City, NY 11101  
Email: [pave.ny@veinternational.org](mailto:pave.ny@veinternational.org)

