

# Beach Driving School

## 1.0 Executive Summary

Beach Driving School (BDS) will offer a wide range of driving and instructional services to accommodate all age groups. BDS will be a one stop for driving programs, to include; *First Time Driver's Instruction, Licensing Classes For All Ages, Insurance Reduction (Point Classes), Fleet Safety, Defensive Driving, and Mature Driving Refresher Classes*. BDS' objective is to earn our reputation one student at a time. We believe that our business will come from having a strong business network, AAA certified instruction, and top quality training (on-road and in class).

## 1.1 Mission Statement

Our objective is to provide quality Driver Education and Driver-Safety services to teenagers, adults, and companies with fleets/driver-safety programs in Horry County, South Carolina. The greatest distinction for our group will be the high profile that we establish in the Horry County legal and law enforcement community.

## 1.2 Objectives

Three year BDS OBJECTIVES:

- **Build the business incrementally-in 50 unit blocks- to \$75-95,000 in Year One; \$145-175,000 in Year Two, and, to over \$200,000 in Year Three.**
- **Exploit a 'niche' at local public and private high schools for First Time Driver Education (offered there now, but with low quality and long wait).**
- **In a competitive market for Driver Education, develop and promote our unique 'Brand'.**
- **Create and maintain market edge in pricing- yet provide quality training.**
- **Personally touch the business: what makes our school a 'school of choice' is that I will be there day-to day. Others that I bring around me will share the same interest, professionalism and be deeply knowledgeable in Driver Safety.**
- **Capitalize on a strategic alliance with Diamond Cab Company and advertise extensively (should produce 50-60 students per year).**
- **Secure our customer base with a high level of service, and then look to open one or two more schools in the South East region by 2010.**

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## 1.3 Keys to Success

### *Background*

BDS has conducted an in-depth study of the business environment, competition and required elements for success in the Driver Education business. The good news is that industry statistics show that 60-75% of schools that embark into the business make it into year two\*- the difference is what happens in year 2,3 and beyond. Unlike restaurants where the high failure rate is driven by undercapitalization, high infrastructure, labor and rental expense, driving schools *actually have very minimal burdens in these areas*. Most succeed because they do not require much capitalization, infrastructure costs are low (minimal classroom build-out and equipment expense) and the balance of labor and rent to income is well leveraged to an owners' benefit.

BDS has significant edges in the market it is entering. They are as follows:

- Lower cost basis than the competition.
- Myrtle Beach has only (2) competitors and they have no permanent classrooms.
- Established providers have 'created' a market where a new school can capture some of the *existing* market share.
- Public and Private High Schools have an overflow of students ready to take class.
- BDS to offer variety of classes: Over 55; Fleet Safety; Defensive Driving; Special Needs
- Advertising more heavily than the competition will yield customers

*Source: Steven J. Blank, Independent Business Consultant to Driver Ed. schools*

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## 2.0. Company Summary/Business Outlook

BDS exists to serve a basic need in American communities- providing Driver Education services. To some extent, the core business can be broadened to encompass other populations (ref. 1.3). It is worth noting that high gas price, low gas price, 'bull-market', or, 'bear-market' people find the money to take Driver Education. According to AAA newly licensed drivers are set to increase by 15% by 2010.

## 2.1. Company Ownership

Mr. Mark Conley and Diamond Cab Co./Diamond Motors are equal partners in BDS. There are no 'silent' partners.

### *Day To Day Responsibilities*

The experience and financial backing of Diamond Cab/Motors will be critical in guiding and developing systems for the school. President Raj Malik will serve in an advisory capacity and Mr. Conley will handle day to day operations.

## 2.2 Premise and Approvals

BDS has a signed lease for 800 sf. in a newly renovated office building located at 1110 3<sup>rd</sup> Ave., South in Myrtle Beach, SC. The school has been approved by The South Carolina DMV licensing authorities to teach all classes. Facility and equipment approvals are forthcoming.

## 2.3 Company History

Founded on July 15, 2008 by Mr. Mark Conley and Raj Malik, BDS intends to distinguish itself from other driving schools by offering a broad array of Driver Education/Safety services at a lesser cost than existing competition.

## 2.4 Services

BDS will have a full range of Driver Education/Safety courses. The need for services of this type is well established. In the course of their lives *every person will be exposed to some level of Driver Education/Safety.* Whether they choose to drive and need basic Driver Education, or, are looking for a discount on insurance premiums, or, are remanded by the court- most everyone will take a driving course.

Each school starts with the same advantage. The industry is extremely competitive, consequently, the public views driving schools in general, as all the same. In order to make it in the driving industry you must stand out above the competition and uniquely distinguish yourself from other driving schools. A good 70% of what will make us different

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and more effective is presented. The balance will occur as we pull our team together and 'go live' in market conditions.

One area of major focus will be on the driving portion of the course (BTW). Teens will encounter many circumstances while behind the wheel and lack of awareness is a major factor in accidents. Our instructors will teach new drivers to see more of the potential risks in their surroundings, in lieu of just 'looking' at the driving scene. This is the experience that they go home and talk about most with their families and mentors, and, it is critical that BDS receive good reviews in this area.

## 3.0 Service Description

Beach Driving School has a wide selection of state certified classes and services. Our offering are:

- Beginning Driver Education course- (8) hours classroom and (6) hours behind the wheel.
- Defensive driving course which gives individuals a "point reduction" on their driving license and an insurance reduction on premiums.
- Mature driving course for people 55 years and older.
- Fleet driving course will give companies a discount on insurance premiums and provide update drivers education.
- Driver Improvement class.
- Driver's Training Certification classes (course that trains new instructors).

## 3.1. Fulfillment

BDS employees AAA trained and certified instructors who teach all the courses- Classroom and BTW. For maximum business control and quality assurance, a partner- Mr. Mark Conley, will be conducting all of the classroom sessions. As the driving portion is key, the BTW instructors will be hand selected from professional drivers that the partners have known for many years.

BDS will begin with one fully equipped and state approved teaching car, and probably add another 2 cars within the first 6 months. planning on having at least 3 vehicles by the end of 2008. Two BTW instructors will be in training to be approved to teach BTW sessions by October 1, 2008.

## 3.2. Competitive Comparison

There are several choices for driver education in Horry County. Some providers are set up at the high schools and offer classes for under \$75, but can only handle 200-250 students per year. Thus if a teen wants/needs their license quickly, they cannot accomplish it at the high schools, and, are driven into the private 'full-pay' market.

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According to estimates from the South Carolina DMV, over 3,500-4,000 teenagers will take a Driver Education course in Horry County, SC in 2008. On average, only 800 are able to take the class at their high school. This means that there are over 3,000 potential 'full-pay' teenage students in the marketplace

Where will they go ? Price will naturally be a big 'driver'. Referral and word of mouth will be two others. Fortunately for BDS, teens are not afraid to try something new-even prefer it, and will likely look hard at our offerings.

The internet and 'strategic-alliances' will be an area of focus in our marketing. We envision forming working relationships with Law Enforcement, Mothers against Drunk Driving, Students Against Drunk Driving, The Red Cross and non-profit organizations. We are even looking at a co-op and cross-promotional campaign with local gas stations.

## 3.3 Pool Of Students

Enrollment in Horry Co., SC public high schools- grades 10-12- is 8,000 \*. Private high school enrollment for this group is 4,500. This yields a pool of 12,500 student to draw from. According to South Carolina DMV records, over 28,000 teenagers (ages 15-19) earned Driver Education certificates in 2007. BDS projects that Horry County's portion of those earning certificates through taking the class is over 6,000.

## 3.3 Technology

Computer technology is constantly changing and the driving school industry must change along with new advances in teaching. BDS has a quality improvement system in place to keep up with technology. Instructors at BDS will be exposed to the latest in teaching methodologies and technological innovations for the car. To aid BDS in meeting the changing demands and interests of the students, it will solicit critiques from each graduating class.

### *Professional Development*

BDS has employed the services of two industry professionals to aid in this area. Mr. David Hunter of Right Turn Driving School- based in South Carolina and Mr. Steven J. Blank, of Summit Driving School- in Baltimore, will be serving to guide BDS in '*Best Practices*'. Further information on industry trends, new technology and changing regulations will come from affiliations with industry associations: DSAA and ADTSEA.

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## 3.4 Locations and Future Growth

The company will have start with one location. Shortly thereafter, we plan to add classes at a 'satellite' location in a distinct marketplace than our home base. We have made an agreement with a local dance school, Dance On Main, that teaches mainly high school aged students, to allow us access to a classroom at their location. This will give us access to a pool of over 400 students at their school. The classroom holds approximately 30 students and has bathroom facilities. BDS contemplates conducting its classes at local private schools as well. However, it intends to take measured steps and find the right prospect for the initial experience.

After the year one 'soft-opening', in which BDS solidifies foundation elements, assures service delivery and installs efficiency systems, it will look to add other 'brick and mortar' locations. These investments need to be reviewed closely as historically, multi location expansion of this nature has proven problematic- in some cases making companies 'top-heavy' in rental expense.

## 3.5 Accessorial Income

In the course of developing this business plan BDS has had a multitude conversations with Driving School Owners, Licensing Authorities and other business professionals. These operators have seen Driver Education schools com and go and their input has pointed to one major area which separates marginal schools from successful ones- Accessorial Income.

Accessorial income (AI) in the Driving School business is a combination of many small business edges and extra income sources that result in the needed 25-30% more funds needed in years one and two to ensure business stability. A school operating without these benefits will exist too close to the margin and be too 'tight' to fund promotion, marketing and quality measures. After years one and two, these extra '*Survival Dollars*' spill over into long-term business enhancements.

There is a 'baseline' of AI items for each school, though possibilities vary somewhat based upon locale, population and services. The particular AI items for BDS are:

- Car Rental For DMV Test
- Mentoring Of Required DMV Practice Hours
- Dance On Main Satellite Location
- Weekend Classes
- Court Remanded programs
- Driver Education Certification Class
- Fleet Safety Seminars
- Mature Driver 'Refresher' Class

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## 4.0. Market Analysis Summary

As previously stated, virtually everyone takes some form of Driver Education. It then becomes a question of effectively capturing your share of the market. BDS also benefits from the fact that there is an established market that has been developed by its competitors over the past 40 years. People are taking Driver Education and driver Safety courses, BDS' mission and objective is to find out best how to serve them and 'off-sell' the competition where there are *service anomalies*.

The pie analysis of service offered and prospect areas breaks down as follows:

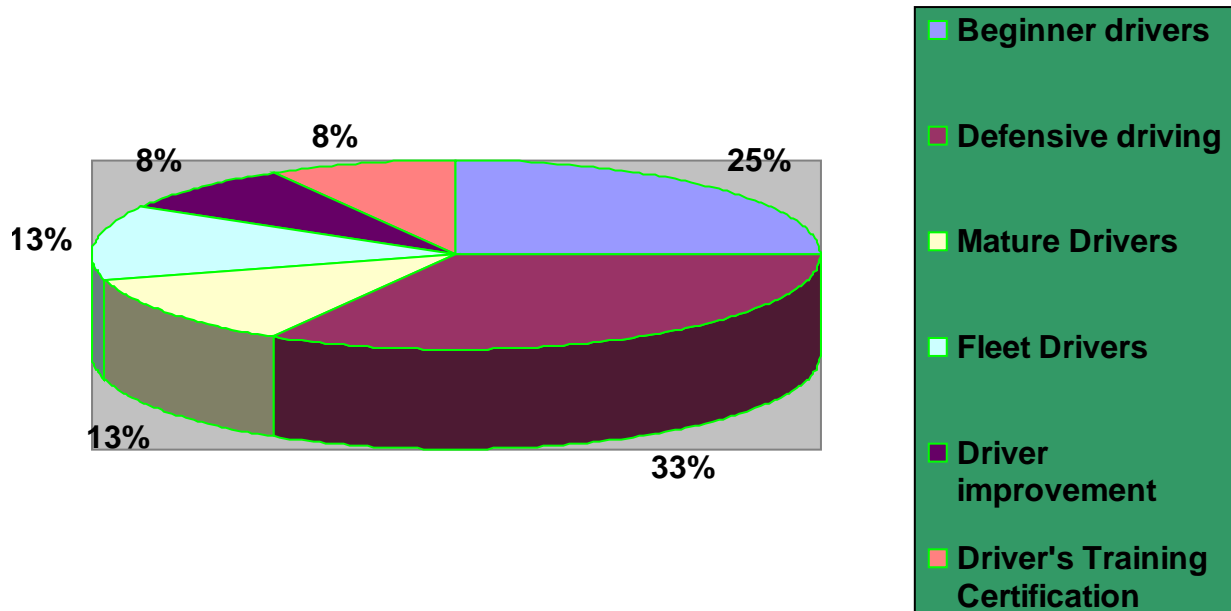
- Beginning drivers course
- Defensive driving course
- Mature driving course
- Fleet driving course
- Driver Improvement course
- Driver's Training Certification course

Convenience is the key to all class schedules. Industry studies show that successful schools have three major ingredients- and convenience is one of them. Firstly, they beat the competition in *offering the most convenient classes*. Secondly, they are *competitively priced*. Thirdly, they are *strongly tethered in network affiliations in their communities*. Each customer has different needs based on their lifestyles, locations, and their past driving experience. Most adult drivers have full-time jobs and maybe even two jobs. BDS recognizes their demanding lifestyles and offers classes to fit their needs.

## 4.1 Market Analysis Summary

According to South Carolina state law (8) hours is required for most of the courses offered by the school- with the exception of Mature Driving and Teacher Certification courses. The courses are offered at different times to accommodate the varying lifestyles of potential customers. Below is the break-down by percentage of new customers at company outset. Future business and marketplace paradigms may change these percentages of customers in the future.

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\*\*\* MVA Tests Car Rental = 8 %

\*\*\*\*\* Mentoring Services = 5 %

## 4.2 Service Area

Horry County, SC. Boasts a population of 238,000. Median Income is \$36,000 and average home value is \$143,000. In Myrtle Beach, SC., home values are in the \$300,000's and discretionary income- of wintering and permanent residents- is much higher.

These figures are more than some communities nationwide, and, less than others. Driving schools succeed in all levels of economic strata. On the high end, attending driving school is a natural progression and convenience and quality- not price- is the key to success. On the lower socio-economic end, price is central and service/quality is less important (to the consumer). In these communities, many wait until late teens to drive- largely due to economic forces.

Horry Co. is a blend of low, middle and high classes. This represents a good environment for a driving school in such that it can represent its best qualities to all parts of the buying spectrum. This is not to say don't decide what you are going to be best at- ie. 'Higher Quality', or, 'Value-Driven'. It is to indicate that your school can be a cross of these elements in appealing to customers. Experience in the marketing of driving schools shows that properly trained representatives drive to *uncover what their prospect really want.*

Understanding Horry Co., SC demographics is going to be central to BDS's success.



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Important facets underpinning the county's dynamics are outlined in the state commissioned study 'Envision 2025'. From reviewing it and corollary research, BDS has come to see important aspects affecting business at play in the county. Some examples are:

- Horry County is largely a service-based economy
- The majority of the population has limited disposable income- meaning they will be 'Price-Driven Buyers'.
- Horry County is a big and varied world of incomes, transitioning growing Incomes. Outside of our company's main location in Myrtle Beach, within 49 minutes of BDS are (3) other "Transitional Growth Areas" that are state designated for growth. These areas- Loris, Conway and Aynor Counties, will see targeted growth in the next ten years.

The study is good news for those looking to enter the market with a 'service business'. It shows that the County has a strong low-middle income base and is in a 'growth mode'. BDS priorities in market approach. BDS will use this baseline information to properly orient its marketing efforts, and, gauge important changes.

## 4.3 Competition and Buying Patterns

Just like any other business there are times when business is good and times when business is slow. In the driving industry fall and spring are the busiest months. Winter is the slowest month.

A big goal for BDS is to be level in income and business in all seasons. Research with other industry leaders in our network and Advisory Board, give us instances where this has been achieved. Offering classes in non business hours- Holidays and weekends, will help us in this area. Also, taking the classes to local Private schools will add students in these 'non-peak' months as well. Seasonal sales (winter)and offering gift certificates for driving instruction will also increase business.

Furthermore, the company has already been in contact with one of the biggest home schooling companies in South Carolina and will negotiate a contract with the school. If the school students exclusively come to Beach Driving School than a additional 10% will be taken off the already lowest price for driving school in South Carolina.

## 4.4 Main Competitors

The only major competitor in the Horry area is A-Lord Ashley Driving School. They have (17) locations in the South Carolina area and charge more than any other driving school. This is a big edge for BDS in that we can enter the marketplace at a lower 'price-point'.

Further, we can easily off-sell them by saying that "we are smaller and can provide them more quality and better service". A Lord Ashley Driving School is the only competitor, who, like BDS, has an actual building and classroom. There are tow 'part-time'

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schools in Myrtle Beach that are run out of rented space within other businesses. They only offer classes now and again and have lesser service as they are run part-time by high school educators in their off hours.

## 5.0 Strategy and Implementation Summary

In the next subsection you will find an outlined plan for marketing, pricing and promotion strategies. This will show the competitive edge for BDS.

### 5.1.1 Marketing, and Promotion Strategy-*Primary*

A major competitive edge for BDS is its competitive price. BDS prices are \$50-100 less than its competitors. Further, specialized incentives make BDS programs even more affordable through: 10% AAA Member Discount; 10% 'Good-Student' Discount. BDS contemplates devising a 'Service-Sector' discount to recognize the strong contingent of Horry Co. vacation, leisure and retirement community support workers.

### 5.1.2 Marketing and Promotion Strategy- *Secondary*

BDS 'Second-Tier' programs- as described below- individually focus upon areas and market niches that BDS is looking to develop, and, which have historically been successful in creating new customers.

#### *Specific Programs*

##### *Sponsorship Co-Op*

*BDS will align itself with local companies- ranging from Car, Insurance and Financial to Retail/Service-related and cross-promote with logos on BDS souvenir t-shirts given to graduating students. BDS and the participating companies will honor discounts.*

##### *Workbook*

*Not all driving schools have workbooks for their classrooms. The higher quality ones utilize them for class participation and student-directed exercises. BDS is working in partnership with IDEA Driver Ed Supply to develop a custom workbook for its classrooms. Advertisers from the BDS network will pay to place advertisements in the workbook. They will see that this is a rare opportunity to target such a prime audience for their products/services.*

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## Car Dealership

*BDS will develop a 'Strategic-Alliance' with a local car dealership with the specific purpose of having the dealership underwrite the cost of cars. Ideally, the car dealership would donate a car for a period (typically, 6-12 mos.-dependent on mileage) and BDS would use it at little, or, no charge. The dealer would benefit in brand promotion- on-road, on the internet and in BDS workbook.*

## Fleet/Driver Safety

*There are over 20,000 businesses in Horry County, SC. Many of them have on-road vehicles, or, vehicles that represent their concerns. One of their greatest worries is that their relatively small companies could go out of business from a claim arising from their negligence in a vehicle crash. There is a major opportunity to provide quality consultative services to these companies which will provide them safety training and the most critical documentation that each year they are being proactive by conducting fleet safety training.*

## Mature/Sr. Drivers

*Mature/Sr. Drivers are a growing population nationwide and there is a growing demand for Sr. safety and refresher courses. In fact, some states are now requiring recertification of Sr. Drivers above a certain age. After our first year in business, BDS will look to offer classes in this area.*

## High School Safety-Message Promotion

*BDS, in keeping with its network alliance building program, will develop a 'High School Safety Message' campaign where local high schools will compete to develop the best driving safety message.*

## Law Enforcement Alliance

*Central to BDS promotional strategy- and full congruent with BDS core values- will be BDS' engagement of law enforcement, judicial and legal professionals. The goal will be to integrate important and guiding information into BDS classrooms. On the business side, a Strategic-Alliance with this group could prove to be highly valuable in a political and business sense.*

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## 'Service-Sector' Providers Promotion

*An estimated 80 % of all working residents of Horry Co., SC work as Service-Sector Providers- meaning that they service golf, leisure, retirement, nursing and Housing/Apartment communities. This group will serve as the Foundation group for BDS' core clientele. Through incentives and grass-roots Marketing , BDS will work to be the preferred driving school of this populace.*

## AAA Certified Instructors

*Prestige and name recognition are major benefits of having AAA trained and certified instructors. Consumers know that they are getting quality when they learn that BDS instruction meets their strict criteria.*

## 5.2. Pricing Strategy

BDS believes that it begins with an important edge in this area. Its prices should be at least \$50-\$100 less than the competition (20-30% less). However, the business is not solely predicated on being a 'low price leader'.

## 6.0 Advisory Board

The partners of BDS believe strongly that an essential ingredient to company success will be to solicit and integrate the experience and business principles of other successful Driving School owners and business people. To that end, BDS has developed the following *Advisory Board* made up of successful industry professionals and businesspeople from all major sectors.

### Beach Driving School Advisory Board

*Civic and Community*

*Legal*

*Financial*

*Law Enforcement*

*Local Business Leader*

*Industry Business Leader (s)*

*Mr. David Hunter, Owner, Right Turn DS*

*Mr. Steven J. Blank, Partner Summit DS*