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# Success Language and Hospitality Institute

Xin Lu was excited and a little scared at the same time. A friend had just spent an hour encouraging Xin to follow her dream of having her own business in her home city of Chengdu, China. It felt like a real possibility now.

Xin was studying business in San Francisco, working towards her bachelor degree. It was only 8 months before she would graduate and Xin was excited but nervous about her future. It was not traditional for young Chinese women to start their own businesses in China. But Xin was already a successful entrepreneur in the United States and had gained the confidence to believe that she could start her own business in China.



## **Xin's business experience in the United States**

When she first arrived in San Francisco two years ago, Xin discovered that her English abilities were stronger than most other Chinese students in her university. She was so good at English and at helping her peers that she started her own tutoring business in the university residence building she lived in. Word spread that she was a great English tutor, and soon she had lots of clients.

It was not long before she had too many clients.

When this happened, Xin hired a friend to help her with her tutoring. Her friend also had excellent English skills but didn't want to handle any of the business side of tutoring - offering tutoring packages (3, 5, or 10 sessions), booking appointments, collecting payments, and doing the accounting.

Xin discovered that she really liked tutoring and she liked the running of the tutoring business even more.

## **The business grows**

As Xin's business grew, she learned that there were many common patterns that Chinese students struggled with as they were learning English. From these patterns, Xin developed a standardized tutoring process, which she then hired other tutors to follow. The tutors were almost all Chinese university students or young Chinese immigrants who had grown up in the

United States. They loved the standardized process Xin had created, the steady pay they received from her, and the lack of administrative hassle because Xin handled all the marketing, operations, and accounting.

Within months, Xin had 7 tutors working for her and she decided to offer her first English course, using her standardized process as the foundation for the course. 12 students in the first class quickly turned into 30 students when parents started asking Xin to teach their high school-aged children more advanced English, in order to improve their grades in preparation for applying to top universities in the United States.

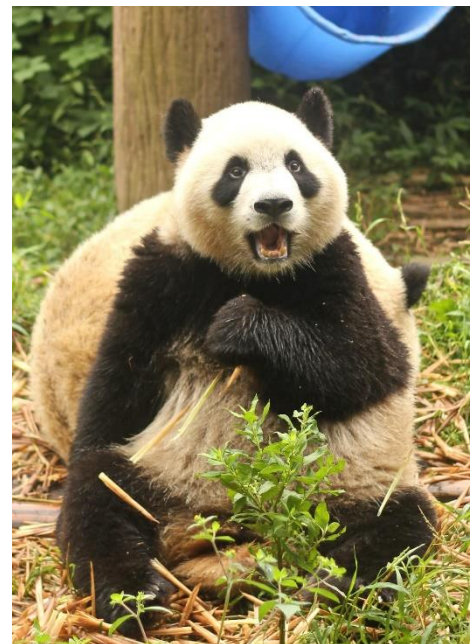
Within a year, Xin had classes running throughout the year and 8 tutors handling a steady stream of clients. By this point, Xin did not do any tutoring or teaching anymore; she was too busy running the business and studying for her degree. Thankfully, some of her professors were very supportive of Xin, allowing her to do course projects on her own business, further strengthening her business with their feedback and advice. Her professors' support also strengthened Xin's confidence in herself.

### The Chengdu opportunity

Chengdu is Xin's home city. Known for its more relaxed atmosphere compared to other large cities in China, its Panda bears, and as a gateway to Tibet, Chengdu is a big city of over 10 million people. While Beijing and Shanghai get lots of international attention, Chengdu and other large cities in China are evolving and growing into modern sophisticated cities as well, attracting increasing numbers of international tourists.

Xin loves Chengdu. Her parents and all her family live there. It is her home. Though she has enjoyed living, studying, and running her business in the United States, Xin has always expected to return to Chengdu when she completes her studies.

A challenge Xin faces now, however, is that she wants to return to Chengdu but keep the independence that she enjoys in the United States. While her parents are quite supportive of her living a more free and independent lifestyle, Xin's extended family, friends, and the general culture are still more conservative in their mindset. Young women getting



married, having children and resuming a more traditional role in the home is the norm in their minds and the expectation of most people in their community.

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## **The challenge**

As Xin thought about the idea of starting Success Language and Hospitality Institute in Chengdu, a large number of questions came up in her mind.

Here are five of the most important ones that need to be researched and considered carefully:

1. Doing business in United States was relatively easy. Legal processes, government departments, banks, and commercial space owners (those who rent out space that could be used for classrooms) all supported entrepreneurs of all ages. Chengdu, being more conservative, would not be as easy to do business in, particularly for a young woman. What might be different between starting and running a business in the United States and starting and running one in Chengdu?
2. Xin expected to sell her business in the United States and use the money from the sale to start the business in Chengdu. A professor had told her she could expect to receive

USD \$150,000 for the sale her U.S. business. Would this be enough money to rent commercial space in Chengdu, find and hire English and hospitality instructors, market the business to parents, pay for government business licenses and fees, and survive the first year of business until she had enough revenue to cover all her expenses?

3. Bribery could make things easier for Xin, allowing her to more cheaply and quickly get her business going in Chengdu. But her parents had always been very clear that bribery was never a solution for short term problems because it always created long term problems. Once you started bribing, it was very difficult to stop. Should she bribe government officials and landlords in order to get fast approvals and cheaper office space?
4. How could Xin get parents to trust her and her new school with their educational investment in their son or daughter? With no business experience and network in Chengdu, how could she establish herself as a safe investment for parents to enroll their high school student in?
5. Hospitality is not a prestigious profession in Chengdu, in contrast to engineering, medicine, or other more high-profile occupations. Would parents find hospitality an education and training worth investing in? A friend of Xin's had talked to two hotel managers in Chengdu about Xin's idea, and the managers had immediately expressed interest in hiring graduates. Could another source of students be hotel and restaurant owners who partly or fully paid for the training? American companies paid for employee training. Might Chengdu employers do the same?

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