

SOUND STRATEGIES

For fast growing companies and careers

Best in Class Education Center CEO Hao Lam fields questions at a summer session. He has expanded the tutoring provider's footprint to 10 company-owned centers and 16 franchises.



BEST IN CLASS EDUCATION CENTER

Math whiz builds tutoring empire

BEST IN CLASS USES FRANCHISES TO MAKE MARK IN EDUCATION MARKETPLACE

BY TERESA MEEK
Contributing Writer

Hao Lam got hooked on tutoring as a high school student in northern British Columbia, riding his bike around town to teach kids math. He was delighted when they understood.

In college, he worked for a Canadian tutoring company called Brainchild Education Center, and after graduating with a math degree and moving to Seattle to be with his new wife, he opened the company's first U.S. center in Bellevue.

In 2010, the business partner's retirement gave Hao an opportunity to acquire the company.

"I saw the demand in the education field," he said.

He bought Brainchild and decided to both grow its Washington centers and offer franchises in other states. Franchising requires a trademarked business name, and unable to use Brainchild, he changed the name to Best in Class.

The growth of Hao's company highlights the opportunities to be found in the nation's tutoring industry, which was a \$5 billion to \$7 billion business four years ago and after taking a dive in the recession, is growing 9 percent annually, says Steve Pines, executive director of the Education Industry Association.



Best in Class
Education Center CEO
Hao Lam

LESSONS LEARNED

- ▶ Choose a field you are passionate about.
- ▶ Make sure it's a growing market.
- ▶ Know your competitors and their strengths.
- ▶ Know your market and your customers' needs.

In the past, having a tutor was seen as a scarlet letter for struggling students who needed help to pass, but today it's a badge of honor for good students who want to do even better, Pines says.

There now are 10 company-owned Best in Class centers in Washington and 16 franchises in other states. Next month, he will open a center in Issaquah and two more franchises. Franchise holders pay a \$30,000 start-up fee plus a \$60,000-\$100,000 investment. For new markets, Best in Class applies \$10,000 of the start-up fee towards grand-opening marketing expenses.

Parents pay tuition of \$100 to \$110 per month per subject.

Competition doesn't seem to be slowing Hao down. In addition to big players like Sylvan and Kumon, the tutoring market includes many local sole proprietors. With close connections to their communities and schools, "they can be formidable competitors," Pines says.

Washington has few sole proprietors, Hao says, and he's not afraid to compete with the national giants.

"We love to be around our competitors," he says. "I know their strengths and weaknesses. It's no problem if they're across the street."

Best In Class has added more problem-solving materials and introduces SAT-like

▶ CLOSER LOOK

Best in Class Education Center

Headquarters: Seattle

Employees: 80 to 110 at company-owned centers (incl. part-timers)

Founded: Hao Lam purchased the company in 2010, changed its name, and began franchising in 2011.

Sales growth: 20% to 25% per year

Company-owned centers: 10

Franchises: 16 in California, Maryland, Ohio, Nevada, Oregon and Texas

Customers: More than 3,000 students in Washington during past 5 years

problems to seventh and eighth graders. Teachers must be at least third-year college students. He sends someone from headquarters to each franchise at least every other month to go through a five-page quality checklist.

One thing Best of Class does not offer is web-based instruction, which Pines says is the fastest-growing niche of tutoring. Hao says he is thinking about it.

Hao has been approached about expanding to Asia and Europe, and once he has 100 centers – a goal he hopes to achieve in the next three to five years – he will look into it.