

# **The Transformation of Private Tutoring: Education in a Franchise Form**

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## **Abstract:**

Various forms of private education are growing in Canada. This paper explores one example of this change: the transformation of private tutoring. Data from Ontario show that this massively growing industry is expanding its reach, as exemplified by the evolution of tutoring from “shadow education” provision into “learning center” franchises. Traditional shadow educators closely follow the school curriculum, offering short-term homework help and test prep. Learning centers develop their own curricular and assessment tools, comprehensive menus of educational services, and aim to nurture long-term skills. In this way, these businesses are becoming increasingly ‘school-like’ as they move beyond supplementary education to provide a fuller alternative to regular public schooling. We link this evolution to the imperatives of the franchise form. The much larger investment needed for learning centers prompts franchises to control their services via standardization, to secure more stable revenues from traditional sources and to seek new market niches. In conclusion we discuss the short and long term market prospects for tutoring and other forms of private education.

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## **Introduction: Growth of Private Education and the Transformation of Tutoring**

Various forms of private education are expanding in the western world. Canada is no exception. The proportion of Canadian students enrolled in private schools grew by 20% over the past decade. The corresponding percentage in Ontario, the site of our research, was 40%, while the number of private schools rose by 44% (Davies, Aurini and Quirke, 2002). Private education is rising among both older and younger students. Private preschools are witnessing great growth, as exemplified by the expansion of Montessori schools (Aurini, 2002), while proprietary vocational colleges have grown as well (Sweet and Gallagher, 1999). Such growth is not limited to traditional school forms, however. Beyond regular schools, other forms of private education in North America are growing immensely, ranging from corporate training (Scott and Meyer, 1994) to home schooling (Arai, 2000; Stevens, 2001).

In this paper we focus on another form of private education, one that has received very little attention from sociologists: tutoring businesses. Tutoring has long been a cottage industry organized in personal networks among individual tutors and students, with the exception of "test prep" companies such as *Kaplan* and *Princeton Review* that offer coaching for standardized entrance exams (see Lemann, 1999). But over the past decade the tutoring industry has undergone a staggering transformation. The number of formal businesses that offer fuller tutoring services has grown between 200%-500% in major Canadian cities over the past 30 years, a growth that is independent of public school enrolments or economic trends. In Ontario these businesses grew by 60% in the few short years between 1996 and 2000. (Davies, Aurini and Quirke, 2002).

Once a small and informal "pushcart" business, tutoring has become a burgeoning industry marked by franchising, marketing, and corporate strategies. Proponents now hail a billion dollar industry serving over two million children in North America (Forbes 1997). In Canada, corporations such as *Kumon*, *Sylvan Learning Center*, *Academy for Mathematics and Science* and *Oxford Learning Center* have enjoyed a spectacular ascent, opening hundreds of sites across the country.<sup>1</sup> These franchises have become increasingly popular for investors. *Sylvan* was named the number one franchise by the American Association of Franchisees & Dealers (<http://www.educate.com/about/franchise.cfm#opportunity>), ahead of more familiar names like *McDonalds*, *Thrifty Car Rental*, and *Mail Boxes Etc.* Many of these franchises are publicly traded, and can generate enormous revenues. In the mid 1990's, *Sylvan* and *Kumon* reported annual revenues between \$150 and \$400 million dollars (Forbes 1997:121).

Recent surveys suggest that there is a substantial demand for tutoring services in Canada. About 24% of Ontario parents with school-aged children have recently hired

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<sup>1</sup> Beyond Canada, the scale of the private tutoring industry is often larger. Japan, for instance, has a huge market for *juku*, after-school classes that prepare youth for competitive exams used for entry into elite universities. This tutoring absorbs an enormous amount of time and money from parents and students, and employs thousands of people (Bray 1999; Hirao, 2002).

tutors (Livingstone, Hart and Davey, 2003), and 50% of all Canadian parents claim they would hire a tutor if it was affordable (Davies, 2002). This desire for tutoring in Canada is intriguing in international context. Scholars typically trace international variations in the market demand for tutoring to whether countries have post secondary entrance exams, major status differences among their post secondary institutions, and direct occupational rewards for entry into those institutions (Bray, 1999; Baker et al, 2001; Stevenson and Baker, 1992). In contrast, Canadian universities lack entrance exams, and are not arrayed on a steep prestige hierarchy as are universities in Japan and the United States. Yet, tutoring businesses are growing substantially in Canada.

While we consider demand-side factors in the conclusion of this paper, our primary focus is on forces that are shaping the *supply* of tutoring. In particular, we are interested in the ways in which changing business forms affect the delivery of tutoring. We ask: in what ways does the movement from small, casual, businesses into corporate enterprises change the nature of supplementary education? What new pressures emerge, and how do they shape the way tutoring is delivered? To frame this issue, we briefly review existing work on the impact of business on education, and then examine the nature of franchising.

### **Education and Business Forms:**

Recent writings on the impact of business on education largely examine how public institutions are adopting business practices, whether in the form of economizing managerial styles (Turk, 2001), commercialized research (Slaughter and Leslie, 1997), or the penetration of advertising and business partnerships into schools (Boyles, 1998; Molnar, 1996). More apt for the study of private tutoring is the history of K-12 educational businesses. For-profit schooling brings new actors into the educational arena beyond the ranks for professional teachers. Since the 1970's, there have been two major attempts to run educational organizations as for-profit businesses: performance contracting and educational management organizations (EMO's) (Tyack and Cuban, 1995). The legitimizing claim for these organizations is that business forms unleash an entrepreneurial spirit among educators that motivates them to devise more innovative and effective forms of pedagogy (e.g. Davis and Botkin, 1994). The profit motive and need to compete for student-clients is said to provide powerful incentives to improve educational services. Since such incentives do not exist in large public bureaucracies, educational businesses are more likely to deliver real results, according to advocates.

Educational historians have noted, however, that for-profit ventures in education have been rarely successful when they directly compete with public schools (Tyack and Cuban, 1995). The history of performance contractors, for instance, is one of rapid ascent quickly followed by failure. Currently, *Edison Schools*, a for-profit EMO, has secured several contracts to run schools in troubled American cities, but has recently experienced many problems, and has seen its stock price tumble. Businesses appear to be more successful when they avoid direct competition with public schools, and instead secure a niche in the educational marketplace. Private preschools, proprietary vocational colleges, and on-line universities (such as the University of Phoenix) are

examples of successful profit-driven enterprises that rarely compete directly with the public sector.

Private tutoring falls into the latter category. Tutoring is a form of supplementary education that does not compete directly with public schools. Rather, tutors have carved a niche market at the fringes of the public system, giving students extra assistance that is difficult to obtain in regular schools. But as we stated above, tutoring is changing as more establishments embrace a new business form: franchising. Our intent is to understand how franchising affects the delivery of tutoring, and we offer details about franchising below.

Franchising tends to spur business growth in an established industry. Service industries with many franchises such as coffee and fast food have likely grown much faster than industries marked mainly by a series of small independents (Nelson 1995; Baum, 2001). Their popularity stems from the nature of the contract between corporate franchisers and local owners. Franchises differ from independent establishments in that a central corporation sells to a local investor the rights to a name brand and product in exchange for fees and royalties. In this way, franchising links small businesses to centralized networks. But unlike corporate chains, local businesspeople actually own their outlet and assume most of its risks. Further, this structure mixes local and centralized governance. Corporate head offices cede control and discretion for many operational matters (such as hiring), but also download most of the financial risk for an outlet while receiving a share of profits. Local owners' financial stake is presumed to motivate them to deliver the product developed by the franchise more efficiently than would a salaried manager. These small investors obtain the advantage of selling an established and recognized product, and receive marketing, managerial training, and product testing aids. Such resources allow franchisees to jump start their venture in an environment that is otherwise trying for small business. Whether one sells coffee and doughnuts, rents cars, or tutors students, franchising gives local owners immediate access to a visible product and an established customer base.

Franchising has at least two major impacts on business practices in any industry (Nelson, 1995). One is the standardization of product offerings. The nature of the franchise form is to make practices more routine across outlets. Franchisers have a motive to control and regulate their product, since their reputation is at stake in all local outlets. While they concede much of the daily operation to local owners, they demand that owners follow prescribed procedures. Local owners are provided with a template for delivering the service, and must purchase certain products supplied by the franchiser. Franchisees are occasionally inspected to see if they are fully complying with franchise requirements. As a result, franchises are more standardized than are more casual, independent small businesses.

Second, franchising tends to expand the offerings in which any particular business might engage. Whether drug stores, business supplies, or gyms, the existence of franchise forms encourages businesses to expand their menu of services. An example is the rise of "centers" in several industries. For instance, many gyms have

transformed themselves into “fitness centers,” and now stretch beyond athletic and weight training to offer on-staff physiotherapists, massage therapists, nutritionists, personal trainers, as well as having counters that sell juices, fitness gear and nutritional supplements. Rather than simply providing an exercise space, fitness centers now give customers an “assessment” which is used to place them into a “program”. Such centers represent a common franchising strategy that aims to secure customers for an extended time period, and also to expand into new taste markets.

Research on established industries thus suggests that franchising tends to standardize practices and products, while expanding the range of offered services by a particular business. Our interest is in whether or not these forces are also at work in an industry that is relatively new to corporations: private tutoring. While traditional forms of tutoring are likely to survive in today’s educational climate, our research is oriented to the impact of the new, franchised breed of tutoring that is responsible for the bulk of the recent growth in this industry.

### **Research Questions and Contributions:**

This paper describes key changes in private tutoring, and explains them in terms of the imperatives of the franchise form. We ask: How does the franchising transform tutoring? As elaborated below, franchising pressures tutoring businesses to standardize and broaden their services. In the form of new “learning centers,” franchises are increasingly transcending old-style test prep and homework support, and are bundling together a variety of offerings that sometimes encroach upon public school practices. A result is that learning centers are increasingly ‘school-like,’ and are providing an alternative to public education, rather than a mere supplement. We attribute this expansion to the logic of franchising that demands continual diversification of services to retain and build market share. In the conclusion we consider the short and long term prospects of the tutoring industry, link them to wider cultural trends, and conclude that their burgeoning popularity exemplifies broader dynamics in both private and public education.

This paper contributes to the sociology of education by examining a form of private education that has been largely overlooked by researchers. Despite their recent proliferation in North America, little is known about tutoring businesses. Unlike other education ventures (such as private or charter schools) the tutoring industry operates in an unregulated market that is unrecorded by government data collection methods. While a few studies have examined the clients for private tutoring (Baker et al 2001; Bray 1999; Stevenson and Baker 1992) they tend to focus on traditional shadow education in countries outside of North America. We are not aware of any studies that consider “learning centers,” the new breed of private tutoring.

### **Methods:**

Data come primarily from twenty-one interviews conducted in 2001 with representatives of tutoring businesses. These interviews lasted approximately one to one and a half hours, and consisted of unstructured open-ended questions. Two interviews were conducted over the phone. We interviewed representatives of for-profit

businesses that tutor academic subjects only. We excluded businesses that did not offer tutoring that was explicitly academic and supplementary, such as ESL (English as a second language), language instruction, music, art, vocational training, and companies that specialize in standardized test prep. We did so to make key comparisons between private tutoring franchises and more traditional, shadow education.

Four of the interviewees were representatives of corporate offices of major franchises (Interview 2001:1-4); seven owned and operated tutoring franchises (Interview 2001:5-11); two owned and operated a private school affiliated with one of the major tutoring companies (Interview 2001:12); while the remaining eight were a mix of founders of single location tutoring businesses and one university student who conducted in-home tutoring. Additional material was obtained from the tutoring business and franchise web sites and brochures. Eleven of the interviews were conducted in Toronto, while the remaining interviews were conducted in Hamilton and surrounding areas.<sup>2</sup>

## Findings:

### ***a) Describing Change: From Shadow Education to Learning Centers***

The most common form of tutoring is “shadow education.” Shadow education closely follows the curricula of the main public school system (Stevenson and Baker 1992; Bray 1999; Baker et al 2000), engages in homework support, test preparation, and cramming schools, and is usually offered by individual tutors. While shadow education may continue to thrive, a new breed of tutoring is emerging. New businesses are bundling together a variety of educational services and calling themselves “learning centers.” Shadow education and learning centers differ in several ways. We highlight below three major differences.

#### **i) Short Term versus Long Term Goals:**

Shadow education tends to be goal-specific and task oriented, usually aimed to pass an impending test or improve a grade in a key course. The pace and content of a tutoring session is dictated by school deadlines. The tutor uses the school schedule to cover the necessary material before a test, conduct review sessions, or work ahead towards upcoming topics. In general, shadow education is focused on immediate, short term goals.

Unlike shadow educators, learning centers do not necessarily follow what their clients are currently doing in school. In contrast, they pursue a broader “skill-building” model of tutoring. Rather than “tutoring to the test,” learning centers claim to develop

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<sup>2</sup> This research has also been informed by data collected from a one-year participant observation study, not included in this paper. Between May 2001 and May 2002, Janice Aurini tutored at one of the largest tutoring franchises in Canada. As a tutor she engaged with the demand side of tutoring, namely its students and parents, on a regular basis. In addition to conducting bi-weekly, two to three hour tutoring sessions, she also participated in training workshops, staff meetings with the education director and coordinator as well as having access to their teaching methodology and instructional manuals.

long-term abilities. As such, they downplay traditional shadow tutoring as a mere “band aid” solution for a larger problem. As one entrepreneur explained:

“That’s what we try to do. In the bigger picture, we’re not offering a bandage solution but giving them skills they can take with them for life. I can teach them how to multiply and divide but it’s far better if I teach them how to use their text - book appropriately and how to work things out, how to read directions and stay focused. We are trying to give them life long learning skills.” (Interveiw 2001:5).

Learning centers are expanding beyond subject-centered programs towards a “skill-building” model of tutoring that utilizes a variety of more portable, generic programs. Major franchises now offer courses in reading comprehension, speed reading, study skills, note-taking, time management, test-taking strategies, public speaking and goal setting. These services are promoted less by short term promises of improved school grades, and more by diffuse goals such as building student’s self-esteem, developing their talents, and closing “skill gaps.” *Sylvan*, for example, has developed several programs in reading, writing, and studying with the aim of mastering these generic skills, rather than immediately boosting a grade. In a departure from shadow education, students work at their own pace and ability level without fixed deadlines. Through such programs, learning centers offer a fuller supplement to regular schools than does shadow education. This is not to say that franchises have abandoned shadow education. Many offer short-term tutoring services such as OAC prep for math, which is in great demand in summer months. But overall, learning centers have broadened beyond traditional shadow education to offer a variety of services with longer term goals.

ii) Developing Independent Curricula:

Shadow education typically uses school material supplied by students such as notebooks, textbooks, course outlines, old tests or completed worksheets. These materials are normally used to assess student strengths and weaknesses, list topics and timelines, and generally provide a template for tutoring sessions. Rather than conducting diagnostic tests on incoming students, shadow educators use grades or past tests as measures of their ability level.

In contrast, learning centers rarely borrow school materials or rely upon formal schoolings’ classification schemes such as age or grade level. Rather, they develop their own lessons, workbooks and diagnostic tests, and use the latter to place students into a program, whether remedial or enrichment-oriented. Learning center-designed workbooks, lessons, and tutors are then assigned, along with audio-visual aids. Because learning centers use their own assessment material, students of different ages may work together on the same program (grouping youth of different ages also has the additional benefit of reducing discipline problems and competitiveness among students). Learning centers and shadow educators also assess their own effectiveness differently. Traditional shadow education is usually directly measured by changes in school grades, report cards or teacher evaluations. In contrast, learning centers increasingly rely on their own methods of assessment. Learning center students are typically assessed

every twelfth lesson and are periodically re-tested; parents are consulted, and the student's work is reviewed in a short evaluation written by their tutor. Such independent methods of assessment require resources that are beyond the reach of lone shadow educators or more casual tutoring businesses.

### iii) Expanded Services:

Learning Centers further transcend shadow education by offering a wider range of services. Individual shadow educators tend to work by themselves on specialized tasks to a limited range of clientele. In contrast, learning centers offer a broad range of services under one roof that could otherwise be met only by several lone tutors. These services go beyond traditional after-school tutoring for secondary school students, and instead cater to a wide variety of age groups, ranging from preschool to adult education and retraining courses, and sometimes employing virtual and correspondence tutoring methods.

For instance, more Canadian youth are writing exams to enter private schools (the SSAT) and American universities (the SAT). In response, many franchises now offer test prep courses for the SSAT and the SAT, typically conducted at night. These courses include test-taking strategies, practice questions, and developing academic writing skills. Further, learning centers have set up programs for preschoolers. "Beginning Reading" (*Sylvan*), "Little Readers" (*Oxford*) and "Fast Track Kids" (*Academy for Mathematics and Science*) are just a few examples. These programs, focused on developing reading skills, are usually held on weekday mornings, and continue throughout the summer months. Among older age groups, learning centers now offer services in adult education and skill upgrading. These programs target workers who require additional training for a vocational or college program, or are injured and/or unemployed. Also, some franchises are developing on-line tutoring via internet sites and are selling their services through correspondence programs.

## **b) Explaining Change: The Imperatives of the Franchise Form**

What is at root of the evolution from shadow education to learning centers? In this section we link these three trends – the movement towards longer-term skills, the development of independent curricula, and the creation of new programs – to the imperatives of the franchise form.

### **i) Investment and its Infrastructure**

In business terms, the root difference between new tutoring franchisees and the older-style shadow educator lies in the depth of their respective investments. Shadow educators are often casual "moon-lighters" who can enter and exit the tutoring market with little or no investment, withdrawing their services at any time. Their business relies on referrals from friends, family or current and former students. At most, some shadow educators post flyers or small newspaper ads. In contrast, learning centers attract enterprising individuals who expect to make a full-time living from tutoring for several years. In turn, franchisees will not grant locations unless they believe that an entrepreneur is fully committed, financially and otherwise. To secure a franchise location, an initial investment of approximately \$50,000 to \$75,000 is required,

depending on the franchise and location of the business.<sup>3</sup> This investment may only cover the franchise fee and does not necessarily include hard goods mandated by the franchise such as tables, chairs, fixtures and decorations.

This imperative tends to dissolve the “hobby” character of shadow education, and infuses tutoring with a much tougher business orientation. Corporate officers view learning centers as businesses that happen to be in education, rather than as educational bodies. They demand that franchisees focus on administrating their business, and prefer learning centers that are run jointly by a “business” person and an “education” person, with the former responsible for managing finances, and the latter handling students, tutors and parents. One franchisee explained how they facilitate a business ethos:

“What we teach them is how to run a business. So eventually we (the franchiser) become obsolete and that’s the best way for them to be more independent. There’s a downside to because they could become too independent and feel that they don’t need you as much. But, the key is to give them the tools to market themselves. We make sure they are planning, that they do have a process in place they do have the proper tools in place, that they do have a marketing plan...” (Interview 2001: 2)

Indeed, franchisers do *not* favour former teachers to run these businesses. As one entrepreneur stated “the president of the Royal Bank of Canada did not necessarily start off as a teller.” Generally, would-be franchisees with non-education backgrounds were considered more suitable. A teaching background was perceived as a liability because, as one franchiser claimed, teachers “generally lack the commercial ambition” required to successfully run a franchise (Interview 2001:1).

The franchise form not only drives this business-like orientation into tutoring, but it also expands its infrastructure and costs. While traditional shadow education is typically done in homes through personal networks, a tutoring franchise is a much grander enterprise. Franchise fees go to a number of actors: to corporate marketers to boost brand recognition and scout would-be franchisees; to curricular specialists to create new educational material; to graphic designers to design workbooks and promotional materials; to regional managers to conduct on-site visits; and to central managers who oversee the entire production.

To pay these fees, a learning center must build a client base. This brings a new cost: local advertising. Franchisees typically use a variety of advertising mediums - Yellow Pages, radio, sometimes television, flyers, large signs, and sandwich boards in strategic locations throughout a community. This can consume more resources. Yellow Page adverts, for example, can cost between \$400 and \$2000 per month. Less expensive options include sponsoring a local hockey team or donating a prize to a school carnival, with the goal of garnering favorable publicity in the community.

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<sup>3</sup> See <http://www.educate.com/about/franchise.cfm>; <http://www.oxfordlearning.com/flash/franchisepack/page11.htm>.

Beyond advertising, the franchise form influences the location of tutoring. Whereas personal convenience and residence determines the location of shadow education, most franchises sell a 'territory' which guarantees exclusive rights to a 3 to 5 mile radius area. Territory boundaries are usually based on marketing studies of a particular area, with the aim of minimizing competition. Further, the franchise form moves tutoring out of homes and into commercial spaces. Franchises typically insist that their local owners rent strategically-located commercial space,<sup>4</sup> preferably in plazas that are anchored by a large grocery store that draws a sizable walk-by crowd or provides parents with an activity during their child's tutoring session. Busy locations are also good places to set up sandwich boards, hand out flyers, and perhaps offer free assessments for children. As one interviewee put it: "Location, location, location..." (Interview 2001:4).

Since the demand for tutoring is very local in nature, with parents walking or driving their children to and from tutoring sessions, most learning centers are limited to 1200 square feet. Because few customers are willing to travel long distances for tutoring, it is more viable to have multiple locations in a given geographic region than to have one "*Blockbuster*" sized center (Interview 2001:1).

## **ii) Control Through Standardization: Developing Curricular Material**

Franchising burdens local owners with fees, advertising and costly rents for prime locations. However, franchising also affects the actual content of tutoring. Advertising has its limits. In the tutoring industry, word of mouth is the key to generating business. All of our interviewees claimed that at least half all new clients are generated through referrals. While effective advertising and location can build brand awareness, the ongoing sustainability of a tutoring business relies on making customers happy. Credibility, we were told, is about building good relationships, trust and a solid rapport with customers. As one franchiser explained:

"...[T]here's two things you have to do when you build a business, any business really. It is not any different than any other business you would run. There's awareness and credibility. Awareness you can buy. I mean you can just pump out flyers, pump out advertising. You can build your name. How the name is perceived is the bigger question. What you have to do there is build there is credibility, one student at a time. You build up through doing a good job with students; you build up by being in the community, through sponsorships and involvement in a non-business way. But those types of things are where you get the referrals...."(Interview 2001:1)

Since franchisers are well aware that tutoring relies on word of mouth, they train their franchisees to maximize referrals (Interview 2001:1,2). But being removed from the

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<sup>4</sup> One major tutoring franchise, *Kumon*, often locates in rented church halls to keep operating costs down. Churches charge lower rents than commercial spaces (\$20 per day or \$250 a month), and are often more flexible in their renting arrangements. If a business runs dry for a period, such as the summer months, tutors can pay rent on a part-time basis, or move to another location depending on enrollment levels.

daily operations of their outlets, franchisers must rely on other techniques to ensure that their franchisees are offering a service that the former believes will build credibility with customers and enhance their reputation. Since a franchise has its name at stake in every single outlet, they want to ensure that local franchisees act in accordance with corporate rules. One core method they employ is to standardize their tutoring services, and require franchisees to follow guidelines when dealing with clients. In any industry, standardization allows distant franchisers to control the delivery of a product without being present, with only occasional inspections.

This holds in the tutoring industry as well. Shadow education is not a good model for franchising because so much of the service - content, timing, standards and evaluation - is determined by an external source, namely public schools. In contrast, learning center programs are designed by the franchiser, and thus are independent of the school system. Their programs, workbooks, lesson plans and diagnostic materials, are created by professionals at a central office, as is the protocol for engaging with clients. For instance, franchises strictly dictate tutor-student interaction. They direct tutors in appropriate body language and verbal responses to students, suggest how to introduce new topics and correct work, and even manufacture special tables that determine how students and tutors sit together. Structuring and standardizing their programs gives franchisers a direct lever to control the tutoring process. This standardization also makes tutoring more portable and reliable for customers. Unlike the purchasers of shadow education, learning center clients can expect a similar service from one location to the next, just as they might expect similar taste, packaging and price of a *McDonalds'* hamburger across outlets.

Interestingly, franchises do not require their franchisees or hired tutors to have formal credentials or teaching experience. Instead, many hire university students, particularly those with specialties in math and science. While in the eyes of the public this practice may put the legitimacy of a tutoring business in question, it fits well within the logic of control. Individual instructors that lack formal qualifications are more easily controlled by the franchisee, since these tutors will lack loyalties to an external body such as the teaching profession.

### **iii) Securing and Expanding Revenue Sources:**

The new costs incurred by learning centers place two pressures on revenue sources. They create needs to establish a more secure demand for tutoring services, and to reach into new markets. The first logic is expressed in the structuring of tutoring programs. While shadow educators rarely create contracts or formal schedules, most franchises require students to commit to a pre-set number of lessons. Practices vary, but most require students to “lock into” lessons on a monthly basis. Businesses offer one-hour, bi-weekly instruction per subject for a total of eight sessions per month, costing \$75 to \$400, depending on the program. Such contracts are premised on the rationale that students need to embrace diffuse goals like durable skill development, and thus require longer-term tutoring. The advantage of such services is that their revenue is less transitory and volatile than in traditional shadow education.<sup>5</sup> To reduce

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<sup>5</sup> For instance, the stock value for Princeton Review, an established “test prep” company, sank sharply

costs, these programs seldom involve one-on-one instruction between student and tutor, as does typical shadow education. Learning centers usually have student-instructor ratios in the 3 to 1 range. Student-clients may work in individual cubicles, with tutors moving from one student to the next, or several students and a teacher may work at a workstation within a room containing six or seven workstations.

The second logic is expressed through the development of new tutoring programs. Learning centers are always seeking to generate new business because, as one entrepreneur stated, “your customers outgrow you” (Interview 2001: 2). Their traditional high school-aged customer base has a “limited shelf life” not only because it eventually grows older, but also because it is typically limited to after school hours between 3pm and 8pm during school months. Yet overhead costs are incurred all day long, all year round. Rented space, office supplies, desks, teachers, advertisements, and accounting represent costly resources that are unused during the bulk of a 24 day. Needed are other programs that, in addition to regular after-school tutoring, can make use of these resources.

To fill the ‘off-hours’ of tutoring, franchises are widening their offerings in pursuit of at least four new market niches.<sup>6</sup> First, they are pursuing clients who desire coaching for high stakes standardized tests. Comprised mainly of upper-level high school students, these clients often have more flexible schedules (e.g. during ‘spares’) than regular tutoring clientele. In so doing, learning centers are competing with renowned test prep franchises such as *Kaplan* and *Princeton Review*. Second, they are developing a preschool market. To fill their morning nine to noon time-slots, all of the larger franchises now offer enrichment programs targeted to children from three to six years old. These programs can generate between \$5,000 and \$50,000 in monthly sales (Interview 2001:1). Third, learning centers are expanding into adult education and retraining, and into virtual and correspondence tutoring. Fourth, some learning centers are opening full-fledged private schools - perhaps the fullest expression of this logic of maximizing existing resources.

In the Toronto area, both of the largest franchises had opened private schools and have plans for more, while several of the small independent tutoring businesses created schools that offer courses for credit. *Oxford Learning Center* has opened two schools borrow the curriculum and principles from its learning centers. Owners told us

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when the state of California announced that it may no longer require the SAT to enter its public universities. As some of our entrepreneurs noted, it is risky to be overly reliant on revenue from test prep, since that revenue can be eliminated at the stroke of a political decision.

<sup>6</sup> In our research we also came across a number of small independent tutoring businesses that occupy a middle ground between traditional shadow education and learning centers. Since they are not franchised, these businesses do not have as large an investment as do learning centers, hence their strategy for survival and growth is to specialize rather than to broaden their services. We found several examples of businesses that specialize in math tutoring, and some that attract students from particular ethnic backgrounds (youth from Caribbean and Korean backgrounds, for instance). Further, because these non-franchised companies have a lesser need to control their offerings, they rarely develop their own materials, and engage in a type of shadow education, closely following school curricula. Also, some of these companies opened private schools that appear to be extensions of their logic of specialization (ie to specialize in offering math credits).

that opening a private school made sense since they had already developed workbooks and lessons, and their teachers had gained experience teaching the curriculum. Further, they told us that most of their initial students were former learning center clients, thereby taking advantage of existing advertising and recruitment costs. Thus, these private schools provide an alternative to public schools that neither directly competes via with a very similar product, as do Edison Schools, or by offering a starkly dissimilar alternative, as do Free or Alternative schools. Rather, learning center schools resemble regular public schools, but find a niche by offering small classes. Priding themselves on classes of about 8 students, they maximize their appeal to parents. They distinguish themselves from the school system by developing their own materials and methods of assessment, yet gain legitimacy by resembling that system. Unlike Free schools, they have conventional workbooks, lessons, tests and report cards, and even an “education director” who occupies a “vice principal” role, acting as a liaison between clients and tutors by arranging parent-teacher meetings. The major difference between them and public schools is their small class sizes, not their pedagogy or philosophy of teaching.

All of these expanded programs – test prep, preschools, adult training and private schools - serve several business purposes for learning centers. They provide the franchise with a lucrative activity that fills the center during “off hours,” and use existing resources. Whether offering preschool, adult education, test prep, or school credits, these programs can be offered during hours in which learning centers would be otherwise empty.<sup>7</sup> Further, all of these programs attract clients who tend to have less sporadic commitments to tutoring than does shadow education, and represent a more stable revenue stream. Moreover, these programs allow learning centers to compete for government and employer subsidies. While traditional supplementary tutoring is not recognized by the state, training and adult education programs are often partially paid by employers or government subsidies, and having private school status allows learning centers to indirectly receive parents’ private school tax credits (recently introduced in Ontario). Hence, these programs offer the promise of novel revenue sources.

### **Conclusion: Short and Long Term Prospects of the Tutoring Market**

Franchises are the main force behind the dramatic growth and transformation of Canada’s tutoring industry. Franchised tutoring is far more intensive than is traditional shadow education, and is beyond the means of most individual tutors. While shadow educators also seek profit, they lack the same pressures to be in a constant state of renewal, expansion and change. By creating a need to secure and multiply customer bases, franchising makes tutoring a grander enterprise, requiring far more financial and intellectual resources than can be possessed by a lone shadow educator. What is the future for this industry? We end by speculating about the short-term and long-term prospects for tutoring, linking the latter to broader trends in private education.

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<sup>7</sup> These schools were typically small, often consisting of 10 to 80 students. Further, not only franchises are making the transition from tutoring to private schools. We found several small, independent tutoring businesses that opened a private school, and also franchisee that founded a school that was independent of his learning center. Nonetheless, these schools represent an example of tutoring businesses expanding their services to reach new client markets while using existing resources.

In Ontario, the short-term market demand for tutoring has been fuelled by several developments in its public school system. In recent years the provincial government has engaged in a massive school reform campaign, with the result of a substantial amount of turmoil. New curricula, standards, report cards, and standardized tests at several grade levels have been introduced. Further, the elimination of the OAC (grade 13) year has created a “double cohort” entering Ontario universities, making university entrance all the more competitive and unsure for Ontario youth.

Tutoring businesses have benefited from these changes. Several of the entrepreneurs we interviewed stated the new report cards and the standardized test results were “good for business”. Both tend to give parents the impression of problems with either their child’s performance or with their school. Further, these changes have fuelled a market for younger clientele. While shadow education is mostly geared to high school aged youth, there is now a pool of younger clients. One interviewee stated that in anticipation of provincial standardized tests in elementary schools, many new clients start tutoring in grades two or three (Interview 2001:11).

Beyond testing, changes in Ontario’s curricular content and standards have also motivated parents to seek tutoring services for their children, particularly in math. Several interviewees claimed to have seen more business after these changes. The founder of a math tutoring business believed that Ontario’s new math curriculum has boosted business, and saw much potential for the industry:

“I definitely think that the market will be expanding. It will probably be in the general tutoring area. Definitely the math area because of the changes they’ve made in the Ontario programs. It’s caused more confusion than anything. The Grade 10 and 9, they’ve changed already. It’s not more difficult than the previous one. It’s different. Now they’re mixing it up. They’re changing the curriculum. It’s causing a lot of problems for the students. It’s almost an excuse to say the new curriculum is a lot harder. I don’t agree it’s a lot more difficult. So those changes are causing a lot of students to be scared. Parents are all scared of it too. They say ‘they’re condensing it to four years and they just think it’s way harder.’ So when the student does struggle a bit parents are panicking a lot quicker. So it’s been good for us.” (Interview 2001:13).

Tutoring businesses have benefited from parental uncertainties, confusion and unease caused by these public school reforms. Such immediate worries have allowed learning centers to tap into the traditional shadow education market, as parents respond to their child’s report card or upcoming exam. But while these changes in the provincial school system are fuelling shorter term demands for tutoring, the industry also appears to have favorable long term prospects that transcend the logic of shadow education. All of our interviewees were extremely optimistic about the potential for growth. They perceived an expanding pie, with more to come for everyone in the industry. Rather than worrying about growing competition, entrepreneurs saw the ongoing proliferation of tutoring businesses as serving only to heighten parent’s awareness of the industry.

Owners claimed to not experience a decrease in business when another learning center opened nearby. Instead, the mushrooming of learning centers legitimated their business, and boost their visibility and parents' familiarity with their services. As two franchisers explained:

“...the more companies the better. If you look back when we first started most questions aren't ‘how do you compare to *Oxford, Sylvan?*’ or this kind of thing. Questions were ‘what is a learning center?’”(Interview 2001:2)

“I do see the pies expanding. I do not think the *Sylvan* and *Oxford* are ever going to have the blindfolded math test.....in other words like the *Coke/Pepsi* thing. I don't think that we have to fight against each other.”(Interview 2001:1)

Why does private tutoring, as well as other forms of private education, appear to have a bright future? We believe two complementary forces, both large-scale and powerful beyond Ontario, are fuelling markets for private education. First, research suggests that many parents are increasingly taking a more proactive stance towards their children's education (Aurini, 2002; Davies, Aurini and Quirke, 2002; Lareau, 2002; Stevens, 2001). Second, education is becoming increasingly competitive. Applications for universities are rising, despite greater costs. As entry into universities and professional careers grows increasingly competitive, more parents are seeking private education in various forms as a strategy for their children.

As many have observed, education has become *the* medium to advance upon or maintain a socioeconomic position as economic prospects for those without credentials deteriorate. Higher education is increasingly sought after throughout Canada (and most of the western world), creating a “revolution of expectations” and a “college of all” ethos (Davies, forthcoming; Rosenbaum, 2001). These expectations are creating a *generalized culture of educational competition*. From younger ages, more youth are being encouraged to view school as a competitive arena in which they must strive to get ahead. This climate legitimates a mentality in which parents are “clients”, “consumers” or “partners” of educators (David, 1993), and encourages them to adopt a variety of strategies to boost their academic chances (Davies and Hammack, 2001; McDonough, 1994).

This need for competitive strategies, we argue, is fueling markets for private education. Conservative politicians and think tanks encourage the populace to regard private schools as desirable, and as result, the demand for private schools is expanding from its traditional base in religious communities and wealthy elites (Davies, Aurini and Quirke, 2002). More of the professional middle class is seeking private education, despite its costs. In a 1997 survey, 46% of Canadian parents said they would “prefer to send their child to a private school if they could afford it,” an increase from 39% only 4 years earlier (Davies, 2002). In a 2000 survey, 66% of Ontarians agreed with the same statement “Private school students receive much better education than public school students” (Angus Reid, 2000).

In this climate, the consumption of specialized, tailored and personalized educational services are increasingly prized over the mass “one best system” (Tyack, 1974) model of public schooling. Parents generally view private schools as having superior resources, smaller classes, and a more academic environment. Rightly or wrongly, many deem private schools to be superior. For those who cannot afford full-time private education for their children, tutoring has emerged as a viable competitive strategy. Even though no study can conclusively show that tutoring boosts school achievement, our interviewees claimed that parents sacrifice vacations, new cars or savings to pay for these services, and that grandparents now pay for tutoring rather than contribute to a university fund (Interview 2001: 7). These desires for private schooling and for tutoring rest on a logic of reducing perceived risk, as opposed to one of purchasing a proven effective treatment. This is further illustrated by our interviewees’ claim that their average clientele are getting younger. As the tutoring market penetrates into younger age groups, its services further transcend the narrow logic of shadow education.<sup>8</sup> When young children purchase these services, they (or more exactly, their parents) are taking a long-range orientation, with the ultimate stake of post secondary admission and jobs projected further into the distant future.

The generalized culture of competition and its longer term hopes is fuelling markets for private education and tutoring, despite their uncertain dividends. For an increasing number of families, tutoring has become a core competitive strategy, one that is affordable relative to other private alternatives. The ability of tutoring businesses to respond to these demands by promising personalized services resonates with these cultural changes.

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<sup>8</sup> More youth are writing admissions tests for independent elementary and secondary schools (see the website of the *Educational Record Bureau* ([www.erbtest.org](http://www.erbtest.org)). These exams now include pre-school entrance tests. Consequently, reports are surfacing of test-prep tutoring services for children as young as three years old (Macdonald, Alphonso, Peritz and Willis, 2003). Further, elite private schools in Toronto such as Upper Canada College and Havergal have opened kindergartens and preschools in response to demand. More parents perceive an advantage of elite (and costly) schooling for younger and younger children.

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