

Strategic Decision Making: Evaluating a New Client Opportunity

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Abstract. The paper provides a ready-to-use exercise where students, first individually and then collectively through an interactive classroom discussion, analyze a decision-making scenario involving a small business, Test Prep Experts (TPE)¹. TPE's owner, Glen Glassman, is exploring how to grow his business strategically and has been approached by a new client, Walter Academy, who is looking to enhance their test preparation services. Students are asked to assume the role of Glen Glassman and decide whether accepting Walter Academy as a new client is the best way for TPE to achieve strategic growth. By analyzing this curated scenario, students will learn how to systematically deconstruct a business problem, making it easier to identify potential decision-making options and arrive at a well-reasoned, informed solution.

Keywords: ready-to-use exercise, strategic decision-making, rational decision-making model.

1. Introduction

Test Prep Experts (TPE) is a small business that is wholly owned by Glen Glassman. Glassman formed TPE in 2014, and the company specializes in helping high school students prepare for and maximize their achievement on standardized college preparation exams. Glassman formulated TPE's mission statement to exemplify his dedication to educational excellence – at TPE, our mission is to empower high school learners by providing tailored, effective, and personalized test preparation services in a supportive and innovative learning environment. TPE's niche focus on college preparatory services for high schoolers has allowed the business to build a strong reputation of helping test-takers achieve their highest potential score. TPE's reputation is a testament to

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1. TPE is a fictional company created solely for the purpose of illustrating the decision-making concepts in this exercise. The exercise is entirely hypothetical and does not represent any real business nor owner.

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Glassman's ability to build a small business that fosters growth and achievement in high school learners, ensuring they are well-prepared for standardized testing.

Glassman started TPE as a one-man operation focused on helping high school learners build their skills and confidence through one-on-one private tutoring. Over the years, Glassman developed instructional content, methods, and services to expand TPE's operation to support testing services for 360 high school learners per year. While some universities have recently loosened or removed their admission requirement for standardized tests owing to COVID-19 implications, the demand for TPE's services has continued to increase. Standardized testing remains a key element in many universities' admission decisions and may impact important scholarship opportunities for students. Consequently, for high school students seeking financial support, performing well on their standardized tests is of high importance – and TPE's growth supports this.

2. TPE's Vision for Strategic Growth

While TPE has shown consistent year-over-year (YoY) growth, Glassman aspires for his company to play an even greater role in shaping the future of high school learners. Glassman's aspirations align with his growth objectives for the company, but he places a primary emphasis on *strategic growth*, viewing it as the cornerstone for ensuring sustainable and purpose-driven expansion. Glassman believes that strategic growth not only aligns with TPE's vision of unlocking high school student potential through excellence in test preparation and personalized learning pathways but also represents the optimal approach for achieving the company's long-term objective of expanding its reach and impact. Thus, Glassman's aspirations extend far beyond TPE's current scale as he seeks to position his company as a leading provider of comprehensive educational support services.

3. Current Business Model

Currently, TPE's current business model is centered around two primary revenue streams: (a) group test preparation classes, and (b) private individualized tutoring. Group test preparation classes constitute 85% of the company's revenue. These group test preparation classes are conducted in the evenings with 15 students in each class, occurring four times during the traditional school week, Monday through Friday. On the weekends, there are two additional classes scheduled on both Saturdays and Sundays, resulting in a total of eight classes held per week. Students registered in the group test preparation classes are enrolled in eight-week sessions and attend class twice per week. The second revenue stream, private individualized tutoring, accounts for 15% of the company's sales. The private