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Xavior & BNO: The Way to Efficiency

Mr. Peter Parker
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October 4th, 2008

Dear Peter,

Thank you for taking the time to discuss with us the urgent need of your corporation to improve efficiency. Having worked for BNO for six years, I am pleased to see its continued growth and am excited to be part of it again. My team at Xavior is fully prepared to research BNO's current inefficiencies and help you determine the best option to address them. We have developed a comprehensive methodology to work closely with you on the project, which will allow your employees to work without undue interruption.

In our proposal, you will find:

- Our understanding of your situation
- Our proposed methodology to study the options
- Our qualifications to conduct the engagement
- The benefits you can expect from our participation in the project

As we discussed in last week's meeting, you will receive our projected fees under a separate cover.



BNO's Unique Culture has Brought Unique Success

Growing from four faculty-founders and 24 students to 700 employees and 17,000 students in 15 years, BNO Education Corporation is perhaps only one step away from achieving its mission: to build the best private educational organization in China.

BNO's mission breeds its unique organizational culture. BNO believes that a good educational institute should not only teach students skills but also instill within them a certain spirit. This belief has been built into BNO's credo, which is taken from Martin Luther King's famous line, "We will hew out of the mountain of despair a stone of hope." Following the credo closely, BNO has developed a unique, inspiring and humorous teaching style in its classrooms, which set BNO apart from its competitors. To maintain its teaching style, BNO established unique hiring criteria. In addition to solid academic qualifications, all new employees must share the same values as the organization. They must be passionate, inspiring and humorous when they interact with students. Owing to the strict hiring criteria, BNO's employees are dedicated to the organization's mission and committed to their work. As a result of its quality employees, their innovative teaching style, and their high teaching quality, BNO enjoys an excellent reputation among college students, which contributes to its dominant market share in English training market.

Student enrollments of BNO's classes have grown rapidly since the very beginning. The courses you offer have grown from two (TOEFL and GRE preparation courses) to 39 different English training courses for various levels of English learners. The

*Xavior understands
BNO's unique culture
and will use it to guide
the study.*



substantial enrollment and revenue growth you have enjoyed in the past 15 years are illustrated in Figure 1 and Figure 2.

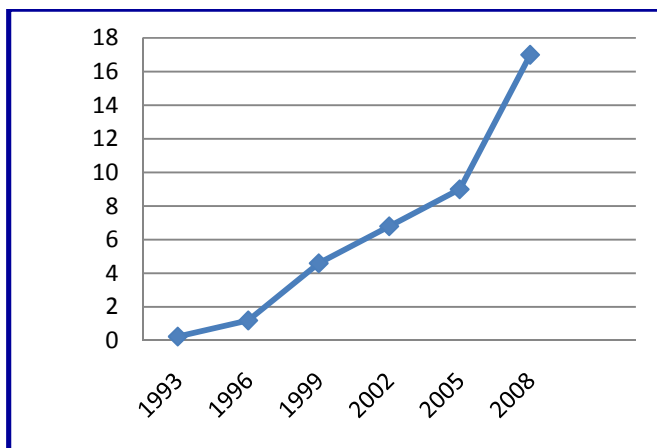


Figure 1. Student Enrollments (thousands) in BNO have Grown Rapidly

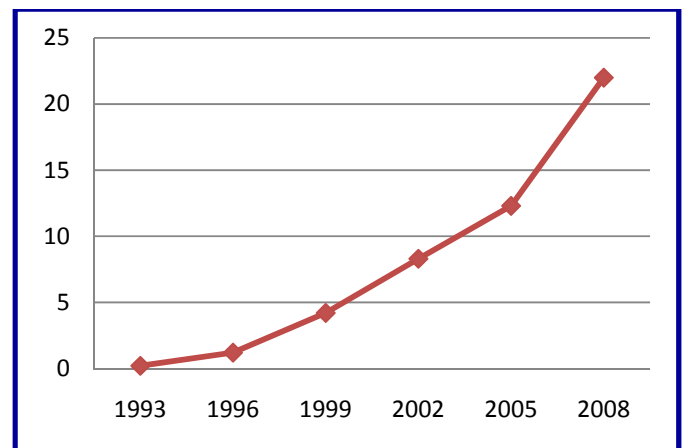


Figure 2. Annual Revenue (millions) of BNO has Grown Dramatically

BNO Needs a Solution for its Organizational Inefficiencies

Against your consistent record of success, your extensive expansion, however, has brought inefficiencies into the organization. These inefficiencies have a historical basis.

Your faculty members have outgrown your support staff members since the inception of the organization. When BNO was first established in 1993, the four founders undertook both teaching responsibilities and administrative work to reduce expenses. Although the corporation has grown and the revenue has increased, the tradition has passed on. New support staff have been recruited



BNO's professional staff has outgrown its support staff.

but in a limited number. When student enrollments were small, the teaching professionals were able to help with administrative work easily. But as the size of your organization has grown enormously in recent years, it has become increasingly difficult for teachers to manage their double duties and maintain their teaching quality. The situation has been worsened since a major program was introduced last year.

The new program offers various levels of courses to working professionals who wish to advance in their careers and increase their income. Since BNO's students have expanded from college students to working professionals, the enrollments have almost doubled and the number of teaching professionals increased by 50%. However, the support staff and available equipment have remained virtually the same (See Figure 3).

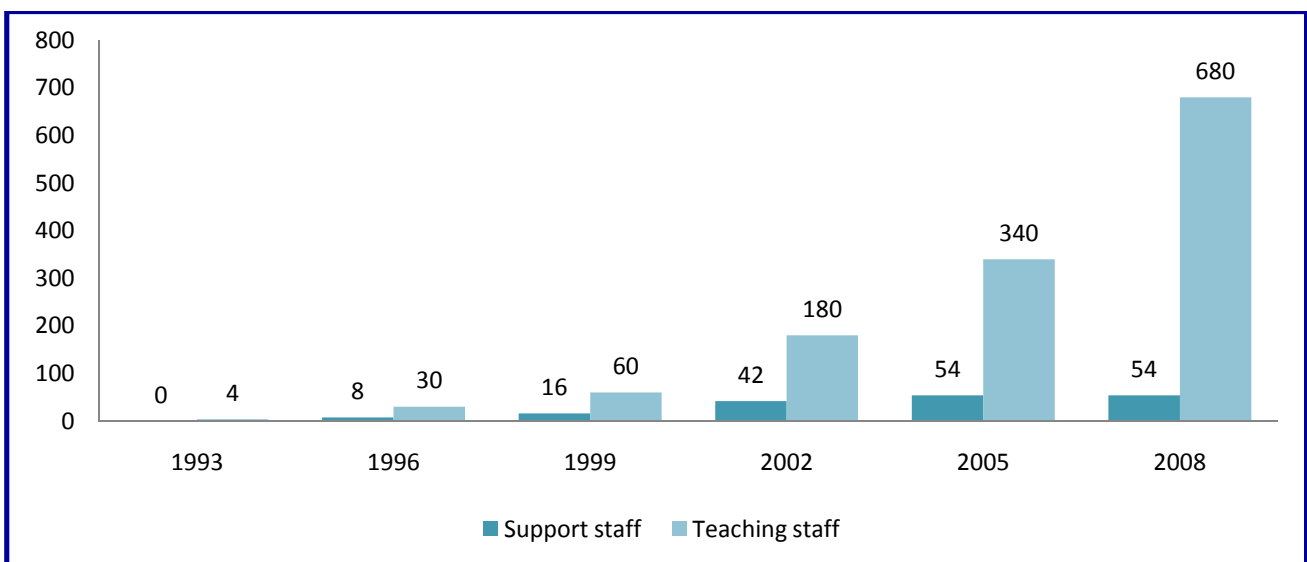


Figure 3. *The Growth of Support Staff and Teaching Staff has been Imbalanced.*



The unbalanced growth of teachers and support staff has caused inefficiencies, which are manifested in at least four areas:

Job descriptions are excessively blurred

As support staff and teaching professionals are both involved in the administrative work, the job descriptions for both parties are excessively blurred. Without clear cut duties, some work is left undone while others are repeatedly done. Employees have wasted a lot time and efforts wondering what to do.

Office equipment is far from enough

There's a great shortage of office equipment. Six employees have to share one computer and 30 of them share one printer. Employees are wasting their valuable time queuing to get documents printed and important emails checked.

Employees are overloaded with administrative work

Both the support staff and the teaching professionals are overworked by the unimaginable amount of administrative work. Excessive workload has resulted in overtime hours, missed deadlines, exhausted employees, low employee morale and reduced productivity.

Teaching quality is compromised

BNO is known for its passionate and inspiring instructions. But when teachers are overworked and over stressed, it is impossible for them to maintain a high spirit in classrooms to boost students' enthusiasm for learning.

Recently, the increasing number of complaints coming from both students and employees has caught the management team's attention. As you know quite well, the situation needs to be addressed as soon as possible before it leads to serious damage on your reputation, loss of student enrollments and high employee turnovers.

*BNO's inefficiencies
need urgent attention.*



The Simple Solutions Won't Work for You

Unfortunately, the simple solution of buying new office equipment and hiring new support staff won't work, given the organization's unexpected financial crisis. In 2007, the US' Educational Testing Service (ETS) filed a successful \$3,000,000 lawsuit, alleging that you had violated the copyrights and trademarks relating to the GRE and TOEFL tests owned by ETS by duplicating and distributing their test materials without their authorization. Despite of the financial loss, your market forecast shows that you will be able to recover in two years' time. Therefore, laying off some of the professional staff will not be a good solution since you will soon be financially healthy again. But in the mean time, you urgently need to seek alternatives to improve your efficiency.

Three possible solutions to improve BNO's efficiencies: hiring temporaries, leasing additional hardware and instituting flex-time.

Xavior Can Help Improve BNO's Efficiency

In our meeting last week, we agreed on some possible solutions: hiring temporaries, leasing additional hardware, instituting flex-time or some combinations. In order to analyze the available options and find the best way to improve your current situation, the following questions need to be addressed:

To understand BNO's current performance, we will research

- What are the applicable measures to examine the inefficiencies?
- What is the extent of the inefficiencies against those measures?

To understand the benefits and effects of each option, we will find out

- What will be the possible effects that each option brings to the corporation?



- What impact will each option has on the teaching professionals and support staff respectively? How will each option be accepted by the employees?
- How soon will each option improve the inefficiencies?
- How much will each option cost?
- What short and long-term benefits will each option bring?

To answer these questions, Xavior Consulting has designed a methodology to evaluate all possible options and determine the best option for improving efficiency. As a result of achieving this objective, BNO will develop a thorough understanding of the causes and effects of the inefficiencies, gain an insight into each available option, get ready to define a plan to implement the recommended options and expect rising employee morale and improved teaching quality.

Keeping BNO's unique situation in mind, Xavior has developed three principles to guide the methodology.

Xavior's Proposed Methods

Keeping your unique situation in mind, we have developed three principles to guide our methodology.

- The corporation's daily operations should not be interrupted.
- You will provide the guidance for the program and have the authority over your own business.
- The situation needs to be addressed immediately.

We will conduct our plan with minimal disruption to BNO's daily operations

As most BNO employees have already run behind their schedules and been overloaded with their job responsibilities, you need a consulting team who know your personnel and can conduct their study effectively with minimal disruption to the employees' daily work.



Xavior understands the urgency of your situation and will have you guide our study. BNO's daily operations will not be interrupted.

Having worked for six years in BNO, I have maintained contacts with a great number of your employees and developed a deep understanding of their concerns. We will use this knowledge to engage only a limited number of key personnel in the study. Moreover, we will publish our questionnaire online so that it can be filled out through only a few clicks and within five minutes. All interviews will be conducted after the review of the questionnaire responses and will be controlled within 20 minutes. As a result, your employees won't have to extend their work days for the research and the disruption to BNO's daily activities can be kept to near-zero.

We will have you guide our study throughout the project

Since you understand your organization best and desire to provide us guidance during the research, you need a partner that could cooperate seamlessly with you. Therefore, we will involve you in every step of the study and keep you always at the top of the situation. Before the execution of the study, we will review the detailed study plan with you to incorporate your suggestions. During the study, we will schedule regular day time meetings, frequent telephone conferences and weekly working report to inform and discuss with you our research progress. As you are actively engaged throughout the study, you will be able to guide and maintain a control over every important element of the project.

We understand the urgency of your situation

Since you need to take care of your current situation before the next matriculation peak when students rush for courses during their Spring Festival vacation (starting Feb. 2009), you need a study that could produce a decision as soon as possible.

Xavior is willing to commit fully to this task immediately and will give you the top priority throughout the project. The kick-

off meeting will be scheduled the next day after you authorize the study. We will plan parallel tasks to minimize the execution time without compromising quality. With full commitment and an experienced team, we are able to reduce the normal time span of this kind of projects from 8 weeks to 6 weeks, which will win you precious extra time for the implementation of the recommended option (see Figure 4 for the timeline of our methodology).

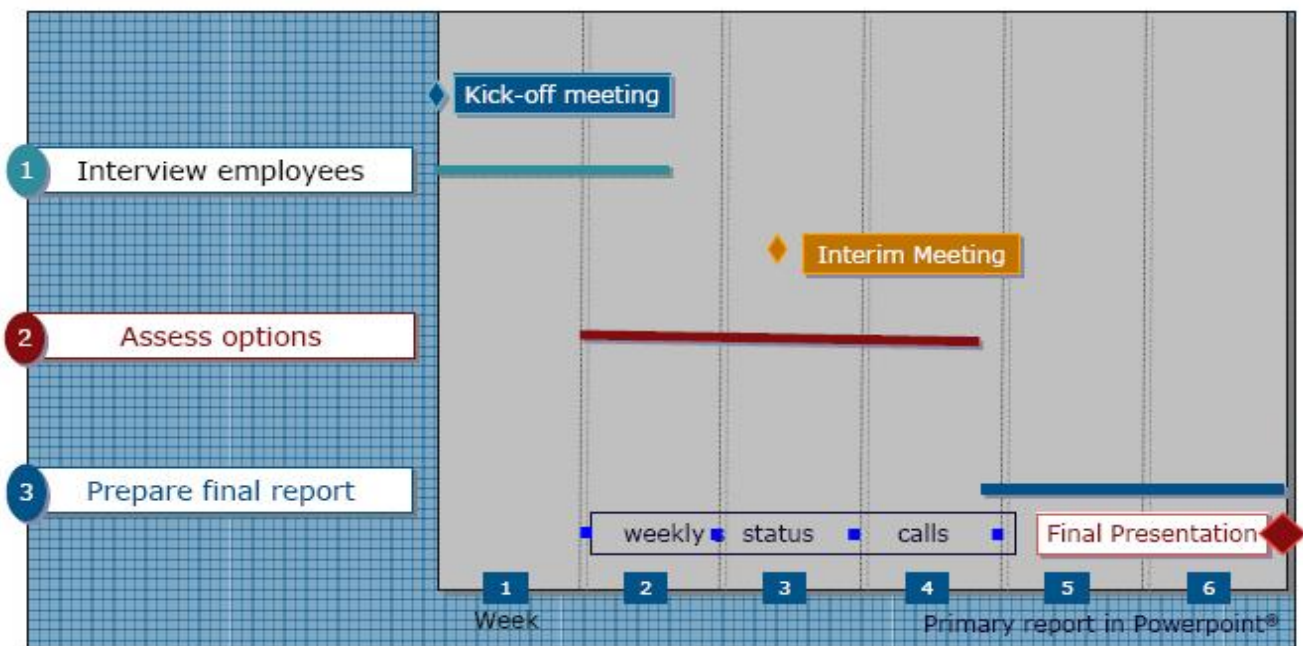


Figure 4. Timeline of Our Methodology

In only six weeks, Xavior will conduct a comprehensive study to determine the best option for BNO to solve the current inefficiencies. With your guidance and our understanding of the organization, our plan will be carried out without interrupting the workday flow and our results will be right in line with the concerns of your organization.



Xavior's Qualifications

Xavior has diverse capabilities to take the challenge. You will benefit from our excellent qualifications listed as the followings:

- We can address the situation with insider's knowledge and outsider's objectivity.
- We are able to build up a close partnership between BNO and Xavior.
- We have an experienced and hand-selected team to serve BNO's best interest.

*Xavior has both
insider's knowledge
and outsider's
objectivity.....Xavior
can work seamlessly
with BNO.*

Xavior can address the situation with insider's knowledge and outsider's objectivity

My past history with BNO will offer an insider's viewpoint to the consulting team. We understand the structure of your organization as well as its culture and politics. Our knowledge will enable us to design the best study for BNO that will be effective, time-saving and cause the least disruptions to your business.

As an outsider, we will also be able to offer an objective perspective. BNO is a giant organization, different units of which have different concerns. Our outsider standing can help us draw a full picture of the whole situation and take different perspectives into consideration. At the end of the study, you will have a credible report that answers to the needs of different organization units.

Xavior can build up a close partnership between BNO and Xavior

To build a close partnership, you need a consulting team that understands your corporation and excels in communication skills. Having worked for BNO for six years, I have known well and



maintained good communication with many of your employees. Besides, all three of our team members are experienced in teaching and will be able to communicate effectively with your teaching professionals.

In addition, we have done similar studies for 8 organizations similar to yours and have come up with a multi-layer communication strategy that will enable successful corporation between us. This strategy will keep you well informed and actively engaged in the process.

Xavior has the right team to serve BNO's best interest.

Xavior has an experienced and hand-selected team to serve your best interest

[REDACTED] Ph.D in communication and CEO of Xavior

I worked for BNO from 1998 to 2004. I have witnessed the growth of BNO and the beginning of its current inefficiencies. My knowledge of your corporation and my understanding of your culture will be an asset to this research.

Clark Kent, Ph.D in option research

Dr. Kent has a Ph.D in Harvard, 10 years of teaching experience in Cornell and 20 years of experience in option consulting. He will use his experience and expertise to develop reliable criteria for BNO to determine the most effective solution.

Bruce Wayne, Ph.D in education management and efficiency studies

Dr. Wayne had run a successful private educational organization for 15 years before he decided to work as a consultant and contribute his knowledge and experience to help other organizations get through hard times. He understands well the problems of educational organizations. His experience will help expedite the research process as he knows very well where to look into.



BNO's Benefits from the Project

As a result of our collaborative efforts in the project, you can expect the following benefits:

- You can receive the maximum benefit from the study in the shortest time possible.
- You will be fully ready to embark on the planning process to solve the current inefficiencies.
- You can expect rejuvenated employee morale immediately.

You can receive the maximum benefit from the study in the shortest time possible.

We will dedicate our excellent team quickly to begin the project immediately after your approval. With our commitment, expertise and knowledge of your corporation, you will have a best option in hand to resolve inefficiencies in only six weeks. As our efficient plan will cut the normal time span of the study from eight weeks to six, you have the two extra weeks to work out a plan for implementation. The saved time will eventually result in financial benefits that help you recover from your temporary financial crisis.

BNO will enjoy the maximum benefit from the study in the shortest time possible.

You will be fully ready to embark on the planning process to solve the current inefficiencies.

As you will play an integral part in the project, Xavior and you will proceed together with the study and bring it to a successful end. At the end of the sixth week, you can expect a thorough comprehensive report that prepares you to make a sound decision on the best solution for the current problems. The report will present you the advantages and disadvantages of each possible option in measurable terms and our conclusive recommendation of the best solution. Our report will objectively provide a whole picture of the



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*Employees' morale
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situation while reflecting the true concerns from your supporting staff and teaching professionals. With our insider's knowledge and outsider's perspective combined in the report, you will have recommendations that are both credible and acceptable to all organizational units.

You can expect rejuvenated employee morale immediately.

During the study, you can expect near-zero disruption in your daily operations and your business will maintain as usual. Your employees will save valuable time to devote to their own job responsibilities. Since they will be reassured that the situation is being addressed and a positive change will take place in the near future, your employees will be less worried and be able to concentrate on their work. As a result, you will see a rise in employee morale, which will in turn result in better teaching quality and student satisfaction.

Thank you for considering Xavior for this engagement. We are confident that Xavior is the right consulting team for the project. We look forward to working with you and contributing to your continued success.

Sincerely yours,


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