
The Franchising of Private Tutoring: A View from Canada

Social changes in Canada have led to an increase in the demand for out-of-school tutoring. More and more, just as in the U.S., that demand is being met by franchises of large corporations that can offer standardized services and a broad range of programs.

By Scott Davies and Janice Aurini

TUTORING has long been a cottage industry, operating through personal networks of individual tutors and students. But over the past decade this industry has undergone a staggering transformation. In Canada, the site of our research, the number of formal tutoring businesses has grown 200% to 500% in major cities over the past 30 years, a growth that holds independently of school enrollments or economic trends.¹ Recent surveys suggest a substantial demand for tutoring. About 24% of Ontario parents with school-age children have recently hired tutors, and 50% of all Canadian parents claim they would hire a tutor if it were affordable.²

Once a small and informal “pushcart” business, tutoring is now marked by franchising, marketing, and corporate strategies. Corporations such as Kumon, Sylvan, Academy for Mathematics and Science, and Oxford Learning Center have enjoyed spectacular growth. Now part of a reportedly billion-dollar industry with more than two million clients in North America, tutoring franchises are publicly traded and have become

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increasingly popular with investors. In the mid-1990s, Sylvan and Kumon reported annual revenues of between \$150 million and \$400 million.³

This article explores changes in the supply side of tutoring. How does the shift from small, casual businesses to corporate enterprises change the nature of supplementary education? Our arguments are based on several years of research on the industry in Ontario, Canada. What makes this setting informative for U.S. readers is that, despite the fact that Canada has no equivalent to No Child Left Behind, its tutoring industry is growing and is populated by many of the same franchises found in the United States. Below we briefly review existing work on the general impact of franchising on any business and then examine the nature of tutoring franchises.

EDUCATION AND BUSINESS FORMS

For-profit involvement in schooling brings new actors, beyond the ranks of professional teachers, into the educational arena. Since the 1970s, there have been two major attempts to allow for-profit businesses to run public schools: performance contracting and educational management organizations. These ventures have not been particularly successful. In contrast, educational entities such as private preschools, proprie-

tary vocational colleges, and online universities, which sell services that do not directly compete with public schools, have been able to operate successfully.

Private tutoring is a form of supplementary education that does not compete directly with public schools. Tutors have carved out a market niche at the fringes of the public system, offering students extra assistance

those owners must adopt the franchisers' procedures and products. Franchise sites are occasionally inspected to see if they are fully complying with these requirements, and as a result franchises are more standardized than are independent small businesses.

Second, franchising tends to expand a business's offerings. A good illustration of this phenomenon is the

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that is difficult to obtain in regular schools. But tutoring is changing as it embraces a new form: franchising.

Franchising tends to spur business growth in any established industry. Service industries with many franchises, such as restaurants featuring coffee or fast food, have grown much faster than have industries composed of a series of small independents.⁴ The popularity of franchising stems from the nature of the contract between corporate franchisers and local owners. A central corporation sells to a local investor the rights to a name brand and product in exchange for fees and royalties.

This arrangement links small businesses to centralized networks, but franchisers differ from corporate chains in that local businesspeople own their outlets and assume most of their risks. Local owners have a financial stake, so they are presumably motivated to deliver the franchise service more efficiently than would a salaried manager. These small investors obtain the right to sell an established and recognized product and receive marketing help, managerial training, and product-testing aids. Such resources allow franchisees to jump-start their venture in an otherwise competitive environment. Whether they are selling coffee, renting cars, or tutoring students, local franchise owners are given immediate access to a visible product and an established customer base.

Franchising has at least two major impacts on business practices in any industry.⁵ The first is the standardization of product offerings. Franchisers have a motive to control and regulate their products, because their reputation is at stake in all local outlets. Though they turn over much of the daily operation to local owners,

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 therapists, nutritionists, and personal trainers, as well as having counters that sell juices, fitness gear, and nutritional supplements. Rather than simply provide an exercise space, fitness centers "assess" customers and place them into a "program." This approach represents a common franchising strategy of securing customers for an extended time period while expanding into new markets.

TWO MODELS OF TUTORING

Are similar forces at work in tutoring, an industry that is relatively new to the corporate world? The most common form of tutoring has been "shadow education," which closely follows the curricula of the public school system and includes homework support and test preparation.⁶ Shadow education in North America is usually offered by individual tutors, but a new breed of tutoring is emerging. New businesses are bundling together a variety of educational services and are calling themselves "learning centers." Shadow education and learning centers differ in several ways.

Short-term versus long-term goals. Shadow education tends to be goal-specific and task oriented, usually aimed at helping a student pass an impending test or improve a course grade. Its pace and content are dictated by school deadlines. The tutor uses the school schedule to cover the necessary material before a test, conduct reviews, or work toward upcoming topics. In contrast, learning centers pursue a broader "skill-building" objective. Rather than "tutoring to the test," learning cen-

ters claim to develop long-term abilities and regard shadow tutoring as a mere Band-Aid solution for larger problems.

Because of their skill-building orientation, learning centers are expanding beyond subject-centered programs and using a variety of more portable and 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 grades and more by diffuse goals such as building self-esteem, developing talents, and closing “skill gaps.” Sylvan, for example, has developed several programs for improving generic reading, writing, and studying 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 that are tailored to a specific jurisdiction (particularly for math courses).

School-developed versus independently developed curriculum and assessment. Shadow education typically uses school materials 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 time lines, and generally provide a template for tutoring sessions. Rather than conduct diagnostic tests on incoming students, shadow educators use grades or past tests as measures of their ability levels.

In contrast, learning centers rarely borrow school materials or rely on grade-level classifications. 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. The students are then assigned tutors and center-designed workbooks, lessons, and audiovisual aids. Because learning centers use their own assessment materials, students of different ages may work together in the same program.

Learning centers and shadow educators also assess their own effectiveness differently. Traditional shadow education is usually directly measured by changes in students’ school grades, report cards, or teacher evaluations. In contrast, learning centers are increasingly developing their own methods of assessment. Clients

are periodically assessed and retested, and parents receive short evaluations written by tutors. Such independent methods of assessment require resources that are beyond the reach of lone shadow educators or more casual tutoring businesses.

Range of services. Individual shadow educators tend to work by themselves on specialized tasks with a limited clientele. In contrast, learning centers employ a number of tutors and so can offer a broad set of services to a wide variety of age groups. These services range from preschool education to adult education and retraining courses and sometimes employ virtual and correspondence methods.

For instance, many centers now offer test-prep courses for the SSAT (Secondary School Admission Test) and the SAT, with classes typically conducted in the evening. These courses include test-taking strategies, practice questions, and the development of academic writing skills. For preschoolers, learning centers have set up such programs as “Beginning Reading” (Sylvan), “Little Readers” (Oxford), and “Fast Track Kids” (Academy for Mathematics and Science). These programs, focused on developing reading skills, are usually held on weekday mornings and continue throughout the summer months. For older age groups, learning centers now offer adult education and skill upgrading. These programs target workers who require additional training for a vocational or college program or who are injured or unemployed. In addition, some franchises are developing online tutoring via Internet sites and are selling their services through correspondence programs.

THE IMPERATIVES OF THE FRANCHISE FORM

What is at the root of the evolution from shadow education to learning centers? In this section we link the three tutoring trends discussed above — the focus on longer-term skills, the development of independent curricula, and the creation of new programs — to the imperatives of the franchise form.

Investment and infrastructure. In business terms, the differences between new tutoring franchisees (learning centers) and the older-style shadow educators begin with their respective investments. As casual “moonlighters,” shadow educators 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 fliers or place small newspaper ads. In contrast, learning centers attract enterpris-

ing individuals who expect to make a full-time living from tutoring for several years. In turn, franchisers will grant locations only to those they believe are fully committed, financially and otherwise. To secure a franchise location, an initial investment of at least \$50,000 to \$75,000 is required, depending on the franchise and location. This investment may cover only the franchise fee and may not include hard goods mandated by the terms of the franchise contract, such as tables, chairs, fixtures, and decorations.

This imperative tends to dissolve the “hobby” character of shadow education in favor of a much tougher business orientation. Corporate officers view learning centers as businesses that just happen to be in education. They prefer learning centers to be run jointly by a “business” person and an “education” person, with the former responsible for managing finances and the latter for handling students, tutors, and parents. Indeed, franchisers do not prefer former teachers to run these businesses, viewing them as lacking commercial ambition.

The franchise form also expands the costs of tutoring. Traditional shadow education is typically provided in homes through personal networks, but a 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 materials, to graphic designers to design workbooks and promotional materials, to regional managers to conduct onsite visits, and to central managers who oversee the entire operation.

To pay these fees, a learning center must build a client base. This need brings a new cost: local advertising. Franchisees typically use a variety of advertising media — Yellow Pages, radio, sometimes television, fliers, large signs, and sandwich boards in strategic locations throughout a community. Less expensive options include sponsoring a local sports team or donating a prize to a school carnival, with the goal of garnering favorable publicity in the community.

Beyond advertising, the franchise form influences the location of tutoring. Whereas personal convenience and residence determine the location of shadow education, most franchises sell a “territory,” which guarantees exclusive rights to an 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, 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.⁷ Busy locations are also good places to set up sandwich boards, hand out fliers, and perhaps offer free assessments of children.

The fact that parents walk or drive their children to and from tutoring sessions means that demand for the services is very local. Thus most learning centers are limited to 1,200 square feet. Because few customers are willing to travel long distances for tutoring, franchises have multiple locations in a given geographic region rather than one “Blockbuster”-sized center.

Standardization. Beyond burdening local owners with fees, advertising costs, and high rents for prime locations, franchising also affects the content of tutoring. In the tutoring industry, word of mouth is the key to generating business. Though effective advertising and a good location can build brand awareness, the ongoing sustainability of a tutoring business depends on making customers happy.

Because franchisers are well aware that tutoring relies on word of mouth, they train their franchisees to maximize referrals. Being removed from the daily operations of their outlets, however, franchisers must employ other techniques to ensure that franchisees are building credibility with customers and enhancing their reputation. Because the franchise name is at stake in every outlet, it is essential that local franchisees comply with corporate rules. Thus franchisers standardize tutoring, requiring franchisees to follow strict guidelines.

In any industry, standardization allows distant franchisers to control product delivery without being present. 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, programs at learning centers are designed by the franchiser, independent of the school system. Their programs and materials are created by professionals at a central office, as is the protocol for engaging with clients. For instance, franchises strictly dictate tutor/student interactions. 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. This structuring gives franchisers a direct lever to control the tutoring process and make it more

portable and reliable. Unlike the purchasers of shadow education, learning center clients can expect a similar service from one location to the next, just as a McDonald's hamburger has a similar taste, packaging, and price across outlets.

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

Securing and expanding revenue sources. The heightened costs incurred by learning centers create the needs to secure the demand for tutoring and to reach into new markets. To accomplish the first objective, most franchises require students to commit to a preset number of lessons. Practices vary, but most centers require students to "lock into" lessons on a monthly basis. The rationale for such contracts is that students need to embrace broader goals, such as durable skill development, and thus require longer-term tutoring. Such contracts make revenue less volatile than in traditional shadow education, where providers rarely create contracts or formal schedules.⁸

To reduce costs, these programs seldom involve one-on-one instruction, 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 to the next, or several students and a tutor may work at a workstation within a room containing six or seven workstations.

The second aim, to reach into new markets, motivates the development of novel programs. Learning centers are always seeking to generate new business because their traditional high school-age customer base not only grows older eventually but also is available only during after-school hours most of the year. 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-hour day. Other programs are needed to make use of these resources.

To fill the off hours of tutoring, franchises are pursuing at least four new market niches. First, they are seeking clients who want coaching for high-stakes standardized tests, competing with test-prep franchises such as Kaplan and Princeton Review. Because such clients are mainly upper-level high school students, they often have more flexible schedules than the regular tutoring clientele. Second, learning centers are developing a pre-school market. To fill their morning time slots, the larger franchises now offer enrichment programs targeted to children from 3 to 6 years old. 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 most extreme response to the imperative to maximize existing resources.

All of these expanded programs serve several business purposes. They provide the franchise with lucrative activities that make use of existing resources during off hours when learning centers would otherwise be empty. Further, they attract clients whose commitment to tutoring is less sporadic than that of clients for shadow education and who thus represent a stable revenue stream. Some of these programs even enable learning cen-

ters to compete for government and employer subsidies, such as those associated with No Child Left Behind (NCLB) in the U.S.

PROSPECTS FOR THE TUTORING MARKET

Franchises are the main force driving the dramatic transformation of Canada's tutoring industry. Franchised tutoring is more elaborate than traditional shadow education. Though lone tutors also seek profit, they lack the same pressure to be constantly expanding and changing to secure and enlarge their customer bases. Franchising requires far more financial and intellectual resources. What is the future for this industry?

In the United States, the short-term demand for tutoring is being fueled by NCLB. Tutoring businesses are benefiting from this new demand and revenue stream and are tapping into the traditional shadow education market. Despite the fact that Canada lacks its own version of NCLB, it too has a burgeoning tutoring industry. We surmise that the current demand for tutoring transcends the influence of any particular policy because many parents are playing a more active role in their children's education.⁹ The reason for this heightened involvement is that education is becoming increasingly competitive. Applications for universities are rising, despite greater costs. From younger and younger ages, children are encouraged to view school as a competitive arena in which to strive for advantage. Parents see themselves as "clients" or "partners" of educators and seek various competitive strategies for their children, including those that are fueling markets for tutoring.

In this climate, specialized, tailored, and personalized educational services are becoming more and more attractive. For those who cannot afford full-time private schooling, tutoring has emerged as a viable alternative. No study conclusively shows that tutoring boosts school achievement, but parents are willing to pay for services that reduce the perceived risk of educational failure, even if those services have not been proven to be effective. This reasoning is further illustrated by evidence that the tutoring clientele is on average getting younger. As the tutoring market penetrates into younger age groups, its services further transcend the narrow structure of shadow education.¹⁰ When parents purchase these services for their young children, they are taking a long-range outlook, because the ultimate stake of postsecondary admission lies far in the future.

The generalized culture of competition and its longer-

term hopes are fueling the market for tutoring, despite the latter's uncertain dividends. For an increasing number of families, tutoring has become a core competitive strategy, one that is affordable relative to other private alternatives. Tutoring franchises are responding to this growing demand with increasingly standardized services.

1. Janice Aurini, "Crafting Legitimation Projects: An Institutional Analysis of Private Education Businesses," *Sociological Forum*, vol. 21, 2006, pp. 83-111.

2. David W. Livingstone, Doug Hart, and Lynn E. Davie, *Public Attitudes Towards Education in Ontario 2002: The 14th OISE/UT Survey* (Toronto: Orbit, 2003); and Scott Davies, "School Choice by Default? Understanding the Demand for Private Tutoring in Canada," *American Journal of Education*, vol. 110, 2004, pp. 233-55.

3. Lisa Gubernick and Katrina Burger, "Girls Always Have Trouble in Math," *Forbes*, 21 April 1997, pp. 120-21. In Asia, the scale of the private tutoring industry is larger. Japan, for instance, has a huge market for *juku*, after-school classes that prepare youths 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.

4. Joel Nelson, *Post-Industrial Capitalism: Exploring Economic Inequality in America* (Thousand Oaks, Calif.: Sage, 1995); and Henrich R. Greve and Joel A. C. Baum, "A Multiunit, Multimarket World," in idem, eds., *Multiunit Organization and Multimarket Strategy, Advances in Strategic Management*, vol. 18 (Oxford: Elsevier, 2001), pp. 1-28.

5. Nelson, op. cit.

6. David Lee Stevenson and David P. Baker, "Shadow Education and Allocation in Formal Schooling: Transition to University in Japan," *American Journal of Sociology*, vol. 97, 1992, pp. 1639-57; Mark Bray, *The Shadow Education System: Private Tutoring and Its Implications for Planners* (Paris: International Institute for Educational Planning, 1999); and David Baker and Gerald LeTendre, *National Differences, Global Similarities: World Culture and the Future of Schooling* (Stanford, Calif.: Stanford University Press, 2005).

7. The outlets of Kumon are often located 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 usually more flexible in their renting arrangements. If 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.

8. For instance, the stock value of Princeton Review, an established test-prep company, sank sharply when the state of California announced that it may no longer require the SAT for admission to public universities. As some of the entrepreneurs in our study noted, it is risky to be overly reliant on revenue from test prep, because that revenue can be eliminated at the stroke of a political decision.

9. Linda Quirke, "Keeping Young Minds Sharp: Children's Cognitive Stimulation and the Rise of Parenting Magazines, 1959-2003," *Canadian Review of Sociology*, in press; Annette Lareau, "Invisible Inequality: Social Class and Childrearing in Black and White Families," *American Sociological Review*, vol. 6, 2002, pp. 747-76; and Mitchell L. Stevens, *Kingdom of Children: Culture and Controversy in the Homeschooling Movement* (Princeton, N.J.: Princeton University Press, 2001).

10. More young people are taking admissions tests for independent elementary and secondary schools (see the website of the Educational Records Bureau, www.erbtest.org). These tests now include preschool entrance exams. Consequently, reports are surfacing of test-prep tutoring services for children as young as 3. **K**

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