

## MEMORANDUM

To: Sherlock Holmes  
From: James T. Kirk  
Date: Today  
Subject: Do not pursue your business plan of selling class notes in California

I believe you should not pursue your business plan of starting an on-line service to sell notes for classes at both private and public universities in California. First, there is not a significant amount of money to be made with this business. Second, the amount of time and money to set this business up and run it properly is too significant for a full time student. Third, the possibility for fighting state officials in court is extremely high. Last, I would like to offer some suggestions in case you decide you still want to pursue this business plan.

First, there is not a significant amount of money to be made in selling notes at public and private universities. In Arizona, where selling notes for classes is legal, there is only one business out of ten, that made a profit last year. That business was Allied Note Service and has been around for 40 years. Furthermore, their profit was only \$40 thousand dollars. Allied Note Service recently said to the Arizona University News, "Next year might be our last year in business, unless we can get profits up." Also, statistics taken from the Educational Institute of America show that 95% of students attending classes at both public and private universities in California prefer using their own notes compared to already prepared notes from a business. This research also shows that students who take their own notes are 80% more likely to do better in the class by a full letter grade. Since this research was made public six months ago, note taking services nationwide have been struggling to keep their doors open.

In addition to not making much money, this business will be extremely consuming for a full time student. It will take a lot of time and/or money. To set this business up properly, you are going to have to audit and/or take several classes for the next several years. The other option is to hire students to take notes for you, which is costly. The estimated time needed for this is four hours per day for the next five years, according to the Government Research Center. Also, the average note taker receives \$500 per class. Brad Cooper, the owner of Allied Note Services, told me that it took him five years just to set up his business. He said that it took him four years to prepare notes for 40 classes and another year for marketing and advertising. Also, Teach Magazine research shows that the average student can only take quality notes for four classes per semester. With the four classes you are currently taking, that is all you can handle. You will not be able to prepare enough notes to make it worth your time. Also, without a significant loan, you will not be able to pay students up front to take notes for you.

Finally, the possibility for fighting state officials in court is extremely high. Student Entrepreneur Magazine said last month, that out of the ten known note taking services at public and private universities in California, all have ended up in court fighting state officials over Section 66450 of the California Education Code. That means you have a 100% chance of ending up in court if you pursue this business in California. Even though your attorney advised you that you are creating new work, and are not in violation of the educational code, the precedent in California has already been set. Don't start a note taking service for universities in California unless you want to go to court.

Last, I would like to offer you some suggestions in case you end up pursuing this business plan regardless of my point of view. First, look to other states where the educational codes are less strict. For example, Michigan allows note taking services to operate at their universities. To my knowledge, there is not one note taking service in the entire state of Michigan. Also, consider allowing friends at different universities to help with taking notes. This will allow you to gather more notes in a shorter period of time. You may also want consider giving them a profit sharing benefit or ownership percentage so you do not have to pay out the money up front.

If I can offer you any more advice please let me know.