



The Tutoring and Test Prep Business

Knowledge you already have, rates of \$40-100 an hour, and parents who pay in advance. The highest-margin service business a sharp founder can start this week.

\$150-400

START LEAN

7-14 days

FIRST DOLLAR

85-95%

TYPICAL MARGIN

Is this your business?

Tutoring is the rare business where your inventory is something you already own: a subject you know cold and the patience to transfer it. Startup costs are nearly zero, margins run 85-95%, and the buyer (a worried parent) is one of the most motivated customers in the entire economy. Test prep adds a premium tier where results are measured in points and paid for in advance. If you can explain things clearly, you can be invoicing within two weeks.

\$150-400

LEAN STARTUP COST

\$1,200-2,500

STANDARD BUILD

7-14 days

TIME TO FIRST DOLLAR

85-95%

TYPICAL GROSS MARGIN

Yes, fully

SOLO-FRIENDLY

Yes (online or in-home)

HOME-BASED

BUILT FOR THESE FOUNDER TYPES

THE ADVISOR

THE STORYTELLER

1/5 difficulty

THE HONEST FIT TEST

You need genuine command of your subject, the patience to re-explain the same concept four ways, and the discipline to communicate with parents like a professional, not a babysitter. If you want a business that scales without you, this one starts as you, hour for hour. If watching a kid's test score jump 150 points sounds like a win you would brag about, you are the right founder.

Who pays, and why now.

The customer in this business is almost never the student. It is a parent staring at a report card, a college deadline, or a kid who has quietly stopped raising their hand. That parent is anxious, time-poor, and willing to pay a premium for someone who shows up reliably and reports back clearly. Private tutoring rates run \$40-100 an hour in most metros, and test prep commands \$75-150 because the outcome is a number on a score report that can move scholarship money.

Demand runs on two calendars. The school calendar produces report-card surges in late fall and early spring, plus a finals crunch in May and December. The testing calendar is even better: every SAT and ACT date creates a predictable 8-12 week prep window in front of it, and families book backwards from test day. A tutor who knows those dates and markets six weeks ahead of each one is fishing exactly when the fish are biting.

Competition splits into two weak flanks. The big franchises charge \$50-90 an hour, pay their tutors \$15-20, and rotate strangers through your kid's Tuesday slot. The Craigslist crowd is cheap but unvetted, uninsured, and unreliable. A solo operator with a real background check, a baseline assessment, and a two-line progress note to the parent after every session sits in the gap between them and charges accordingly.

The economics compound through households, not hours. One eighth grader becomes a four-year client, then their younger sibling enrolls, then three families from the same school call because the parents talk. The operators who treat every student as a one-semester gig restart every year. The ones who keep families through middle school, high school, and the SAT build a referral engine that fills the calendar without ads.

WHO BUYS	WHAT THEY PAY	WHAT THEY ACTUALLY WANT
Parents of K-12 students	\$40-70 per hour	Grades up, confidence back, homework battles ended
Test prep families	\$75-150 per hour, packages of \$1,100-1,700	Score gains that unlock admissions and scholarship money
College students	\$40-80 per hour	Passing the weed-out course: calculus, organic chem, statistics
Homeschool families	\$200-600 per month, recurring	Subject coverage a parent cannot teach, on a steady schedule

THE TEST-PREP WINDOW

8-12 weeks

Every SAT and ACT date opens a booking window two to three months before it. Families decide late and pay fast. A tutor who emails their list six weeks before each national test date harvests the same surge four to five times a year.

Every dollar, before you spend it.

This is the cheapest legitimate launch in this entire series. Your subject knowledge is the equipment. Spend on the things that make a parent trust you with their kid: the background check, the insurance, the professional booking page. Skip everything else until students are paying.

THE LEAN BUILD · START HERE	WHY IT EARNS ITS PLACE	COST
LLC + city business license	Your liability wall and your professional footing. See the legal page	\$50-500
Background check on yourself	Run it before any parent asks; offering it unprompted closes deals	\$25-60
Liability insurance (first month)	General + professional liability bundle for tutors is cheap	\$15-35/mo
Scheduling + payments software	Free tiers of booking tools handle calendars, reminders, and cards	\$0-30/mo
Prep materials + official practice tests	Official College Board and ACT materials beat any branded workbook	\$50-120
Simple booking page or one-page site	Your name, subjects, proof, and a book button. Nothing more yet	\$0-100
Online tools (video + shared whiteboard)	Free tiers cover one-on-one sessions to start	\$0-25/mo
Lean total		\$140-870 all-in

THE STANDARD BUILD · ADD AFTER FIRST REVENUE	WHAT IT UNLOCKS	COST
Tablet + stylus or document camera	Working a problem live on screen is the whole product online	\$150-400
Question banks + curriculum licenses	Adaptive SAT/ACT platforms make your prep tier look institutional	\$200-600/yr
Real website with booking and reviews	When you raise rates, the site has to back the number	\$100-300
Test-prep training or certification course	Optional, but it sharpens your method and your pitch	\$200-500

THE RULE

Do not buy curriculum for students you do not have. Take three students with free official materials and a borrowed kitchen table, prove the progress reports, then let tuition buy every upgrade. In this business credibility is the equipment, and credibility costs follow-through, not money.

Clean from day one.

Tutoring is lightly regulated, but you are working with minors and other people's academic futures, which means trust infrastructure is your real legal work. Two traps catch new operators: sloppy minors-safety practice, and misclassifying tutors when you grow.

- Form your LLC:** File in your home state, get the EIN free at irs.gov, open the business bank account. THE LAUNCHPAD Module Three walks every step.
- City or county business license:** Usually \$50-150 a year, even for a home-based or online practice. One call to the city clerk answers it.
- Background check + minors safety policy:** Run a check on yourself and put a written policy in place: sessions happen online, in public spaces like libraries, or in the family home with a parent present. Never alone behind a closed door. Say this policy out loud to every parent; it wins the ones who were hesitating.
- Liability insurance:** A general liability plus professional liability (errors and omissions) bundle runs \$15-35 a month for a solo tutor and covers you in homes, libraries, and online.
- The 1099 vs employee line:** The moment you hire tutors, this is your biggest legal exposure. If you set their schedule, their rates, and their methods, most states call them employees, and California's ABC test almost certainly does. Misclassification penalties stack per tutor, per year. Get a payroll setup or a compliant contractor structure before tutor number one.
- Contracts and prepayment terms:** A one-page service agreement: scope, rates, 24-hour cancellation policy, package expiration, and refund terms. Prepaid packages need clear terms or they become refund disputes.
- No score guarantees in writing:** Never guarantee a grade or a score improvement. The FTC treats unsubstantiated outcome claims as deceptive advertising. Promise the process and show past results with permission instead.

INSURANCE, SPECIFICALLY

The GL + E&O bundle is the floor. If you scale into a team serving minors, ask your broker about abuse and molestation coverage; commercial clients like schools and learning centers will require it before contracting you. Workers' comp becomes mandatory in nearly every state once you have a true employee.

WATCH FOR

The misclassification trap, because it arrives disguised as success. You get full, you bring on two tutors as 1099s, you hand them your curriculum, your schedule, and your rates, and you have just built an employment-law problem with growth taped over it. Decide your team model deliberately, before demand decides it for you.

Requirements vary by state and city. Verify with your state, city clerk, and a licensed professional. Education, not legal advice.

Three doors. Real numbers.

Price by the package, not the hour, and price test prep on the outcome it buys. A parent comparing \$60 tutors has no way to compare quality, but a parent looking at a structured 8-week program with a baseline test and progress reports is no longer comparison shopping. Anchor with the middle door.

	RECOMMEND	
<p>DOOR ONE</p> <p>The Single Session</p> <p>\$60–75 per hour</p> <ul style="list-style-type: none"> ◆ One-on-one 60 minutes, online or in person ◆ Homework rescue or exam-week review ◆ Parent recap note after every session ◆ Credits toward a package if booked within a week 	<p>DOOR TWO</p> <p>The Core Package</p> <p>\$440–520 8 sessions, most-booked</p> <ul style="list-style-type: none"> ◆ Weekly 60-minute sessions, prepaid ◆ Baseline assessment in session one ◆ Written progress report to the parent every two weeks ◆ Priority scheduling and a held weekly slot ◆ Sibling discount of 10% on a second enrollment 	<p>DOOR THREE</p> <p>The Score Sprint</p> <p>\$1,100–1,700 SAT/ACT program</p> <ul style="list-style-type: none"> ◆ 12-16 hours across 8-12 weeks, built backwards from test day ◆ Two full official practice tests, proctored and scored ◆ Score-gap analysis and a written study plan ◆ Weekly parent updates with score trajectory ◆ Effective rate of \$95-140 per hour, and worth it

PRICING NOTES FOR THIS BUSINESS

- Test prep always carries a premium: \$75-150 an hour against \$40-70 for subject tutoring. The stakes justify it and parents expect it.
- Sell packages from session two onward. The single session is a paid audition; the package is the business.
- Charge an in-home travel fee beyond a 15-minute radius, or steer those families online.
- Small-group sessions at \$25-40 per student per hour turn one teaching hour into \$75-120 without raising anyone's price.
- Raise rates every semester for new families. Your existing families are grandfathered one cycle behind; they will feel taken care of, not gouged.

THE UPSELL THAT PAYS THE RENT

The semester retainer. At the end of every package, offer the same weekly slot for the rest of the semester, billed monthly, card on file. Parents crave the locked slot more than the discount. A tutor with 12 retainer families has pre-sold the entire school year and stopped living launch to launch.

Names, not strategies.

Your first ten students are hiding inside conversations you are already having. Every parent you know is either worried about a kid's grades or knows a parent who is. This business converts trust faster than any ad budget can.

1 The parents you already know

Text every parent in your phone: your subjects, your founding rate, one line about why you. Personal beats polished. Two of your first five students come from this list.

2 Local parent Facebook groups

Every school zone has one, and 'anyone know a math tutor?' gets asked weekly. Answer fast, warmly, with proof. Then post your own introduction with your background check mentioned in the first three lines.

3 School counselors and teachers

Counselors keep informal lists of tutors they trust, and teachers who tutor have overflow they refuse. Send a short professional email with your one-pager. One counselor who trusts you is a pipeline for years.

4 Independent college consultants

Every mid-sized metro has consultants charging families thousands for admissions strategy. They need a test-prep partner they can hand clients to. Offer a clean referral experience, not a kickback.

5 The library bulletin board, literally

Parents of struggling students are in the library on Saturday mornings. A clean flyer with a QR code to your booking page still works in 2026, because almost nobody does it well.

THE EXACT ASK

"Hi [name], it's [name]. I've started a tutoring practice focused on [subject], working with students at [school]. I'm taking five founding families this month at \$15 off my hourly rate while I build my local roster: background checked, sessions with a parent recap every time. Does anyone come to mind who's been stressed about [subject] this semester?"

THE FOUNDING-CUSTOMER DEAL

First ten families: \$15 off the hourly rate or \$100 off the Core Package, in exchange for a Google review after week four if they are happy, and permission to reference results anonymously. Retire it publicly after ten families. A founding deal with a real expiration converts; a permanent discount just lowers your price.

Owned, earned, then paid.

Parents buy tutors on trust and proof, in that order. Your marketing engine is reviews from named local parents, visible results, and showing up where worried parents already gather: school groups, search, and each testing season's calendar.

CHANNEL, RANKED	WHY IT WORKS HERE	THE FIRST MOVE
Google Business Profile	'Math tutor near me' and '[town] SAT prep' are bottom-of-funnel searches from ready buyers	Claim it day one, choose Tutoring Service, collect one parent review per week
Parent Facebook groups + Nextdoor	Tutor recommendations are among the most-asked questions in every school-zone group	Answer every thread within the hour; post one helpful (not salesy) study tip weekly
The test-date calendar	Demand spikes 6-10 weeks before every SAT/ACT date, like clockwork	Email and post a 'countdown to the March SAT' offer six weeks ahead of every national date
School newsletters + PTA sponsorships	\$50-150 buys placement in front of exactly your buyer, with implied school endorsement	Sponsor two school newsletters per semester; track which one books
Referral engine	One happy family knows ten more at the same school; siblings are free revenue	Offer one free session for every referred family that enrolls; mention it in every recap email

FIVE CONTENT PIECES THAT WIN THIS NICHE

- The 5 mistakes students make on SAT math (and the 10-minute fix for each)
- How to read your child's PSAT score report: a parent's translation guide
- When to start test prep: the backwards calendar from test day
- Finals week study plan: the one-page template my students use
- What an hour of tutoring should include: a checklist for hiring anyone (including me)

THE REVIEW MACHINE

Ask at the peak moment: the session after a test score or report card comes back improved. 'That jump is what we worked for. It would mean a lot if you shared it in a review: I'll text you the link right now.' Texted link, named parent, specific result. Fifteen reviews that mention real score gains make you the default choice in a school zone.

One unit, one month, no fog.

Two honest snapshots: what one prepaid Core Package actually nets you, and what a steady solo month looks like at 15 teaching hours a week. Rates here are mid-market; test-prep-heavy months run meaningfully higher.

ONE UNIT: ONE CORE PACKAGE (8 SESSIONS, \$480)	AMOUNT	A WORKING MONTH: SOLO, 60 TEACHING HOURS (OCTOBER)	AMOUNT
Revenue (prepaid)	\$480	Revenue (mixed subject + test prep)	\$4,200
Materials + printing	-\$12	Materials, practice tests, printing	-\$90
Payment processing (2.9%)	-\$14	Software, phone, insurance	-\$95
Software + overhead share	-\$18	Marketing (sponsorships, boosts)	-\$80
Gross profit (8 teaching hours)	\$436	Pre-tax profit	\$3,935
Tax reserve (27%)	-\$118	Tax reserve (27%)	-\$1,062
Yours, per package	\$318	Owner take-home	\$2,873

BREAK-EVEN

1-2 sessions

A lean launch costs less than \$400 all-in, which one or two sessions repay. No business in this series returns its startup capital faster. The real investment is the unpaid hour you spend on assessments, recap notes, and parent communication, and that hour is exactly what lets you charge double the going rate.

Illustrative figures at typical market rates; your market, prices, and costs will differ. Run YOUR numbers in the One-Page P&L from THE LAUNCHPAD, Module Six. Remember the 25-30% tax reserve on every dollar of profit.

Pre-decided, so motivation is never consulted.

WEEK ONE: FOUNDATIONS

- LLC filed, EIN issued, business bank account open
- Background check run; insurance bound
- Booking page live with subjects, rates, and proof
- Pricing menu finalized: session, package, sprint
- Minors safety policy written and rehearsed out loud

WEEK TWO: DOORS OPEN

- Text the parent list; book 3-5 founding students
- Baseline assessment run in every first session
- Introduction post in two parent Facebook groups
- Parent recap note sent after every single session
- Counselor and consultant outreach emails sent (5+)

WEEK THREE: MOMENTUM

- First package upsells offered at session two
- First reviews requested at the first visible win
- Test-date countdown content posted (next SAT/ACT)
- Referral offer mentioned in every recap email
- Library flyer up; PTA newsletter slot booked

WEEK FOUR: THE SYSTEM

- Founding rate retired publicly; posted rates live
- Weekly cadence locked: recaps daily, money hour Friday
- Semester retainer offered to every package family
- Month-one P&L done; one growth lever chosen
- Next month's calendar mapped against test dates

DAY 30 VERDICT

Green light: 6+ active students with at least 3 on packages or retainers, 3+ parent reviews live. Yellow: full of single sessions but nobody packaged: your session two upsell is broken, fix the script not the rate. Red: under 3 students after 20+ real asks: your proof is too thin or your circle too quiet; spend week five on counselors, consultants, and groups before touching the price.

How this business fails, and how it grows.

THE FIVE KILLERS

- ✗ **Living session to session**
Hourly one-offs cancel, drift, and vanish in summer. Packages and retainers are the business; the single session is just the audition.

- ✗ **Guaranteeing scores or grades**
One written guarantee is a refund demand and an FTC problem wearing a bow. Promise the process, show past results, never promise the number.

- ✗ **Teaching the kid, ignoring the parent**
The parent writes the check and hears nothing between report cards unless you speak up. The two-line recap after every session is the highest-ROI habit in this trade.

- ✗ **Pricing from imposter syndrome**
Charging \$25 an hour does not make you humble, it makes you a hobby. The franchise down the road charges \$80 for a rotating stranger. Price like the better option you are.

- ✗ **Scaling with misclassified tutors**
Handing 1099 tutors your schedule, your rates, and your method is employment law with a fuse on it. Choose payroll or true independence before tutor one, not after the audit letter.

THREE SCALE PATHS

- The test-prep boutique**
Go narrow and premium: SAT/ACT only, \$120-150 an hour, proctored practice tests, score-report consults. Fewer students, higher stakes, and a brand that parents whisper to each other before junior year.

- The tutor team**
Hire tutors compliantly, keep the parent relationship and the quality system yourself, and earn the spread between \$70 billed and \$30-35 paid. Your job becomes recruiting, training, and the progress-report standard.

- Group programs and bootcamps**
A 6-student SAT bootcamp at \$400 a head over four Saturdays is \$2,400 for roughly 16 teaching hours. Groups multiply your hourly without raising any family's price, and they fill from your existing waitlist.

YOUR FIRST HIRE

A second tutor in your overflow subject, once you are turning families away. Hire for reliability and warmth over raw brilliance, train them on your assessment and recap system, and pay them properly. They are also your test: if your method only works when you teach it, you have a job. If it survives the handoff, you have a company.

THE STAIRCASE CONTINUES

The playbook is the map. The machine is waiting.

Everything this playbook describes, Epic Advisory Group can build with you: the brand, the cinematic website, the entity, the engine. Describe your idea to the Launch Engine and see your business real in about sixty seconds, free.

- The Launch Engine: your idea, built free, in about a minute
- THE ASCENT: Founder Edition: the eight-module course
- Launch-in-a-Box: entity, brand, site, and first campaign, one flat price
- Growth, capital readiness, and the path to the public markets

"There is no right age. There is only the decision."



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