Lad’s Child Care Business Plan

Executive summary

Lad's Child Care is a dynamic startup enterprise dedicated to delivering comprehensive child care services catering to children aged four months to eight years. Our primary mission is to provide parents with peace of mind by offering a secure and nurturing environment for their children, allowing them to focus on their other responsibilities with confidence. Our approach to child care is rooted in safety and excellence. We have meticulously designed our facilities to ensure the utmost security and comfort for the children in our care. Our team of highly trained and certified professionals is committed to creating a stimulating and nurturing environment where children can flourish. What sets us apart is our unwavering commitment to child development. Our staff undergoes specialized training to better understand and address the unique needs of each child, fostering their cognitive, social, and emotional growth. We have also implemented an innovative learning system that combines play-based and educational activities to enhance each child's development. In the upcoming twelve (12) months, we anticipate reaching our break-even point, demonstrating the viability and potential for growth of Lad's Child Care. We are excited to embark on this journey, providing families in our community with the highest standard of child care services while supporting parents in achieving a harmonious work-life balance.

Vision

The best service provider in children cares in the world.

Mission

To provide safe and secure child care for a quality experience for all children.

Goals

To develop a sustainable, profitable business.

Provide flexible hours

Competitive pricing

Quality care

Maintain a good reputation in the community

Services

The Centre will offer child care services for ages from 4 months’ infants to 9 years old kids. From Monday to Friday our operating hours will be from 6:00 am to 7:00 pm. Throughout the day, we will strengthen what they have learned and engage them in new skills. The services will include preschool and daycare.

Company locations and facilities

Initially, we will occupy a space of 1,500 SqFt House in a quiet residential neighborhood. It would have entertaining toys and sandbox. We are under a lease agreement with the owner of the location. The area would be well fenced to make sure no one leaves or comes in without our team's consent, for the safety of the kids. The house will contain books, games, and toys for the kids to entertain themselves—also, first aid kits, carbon dioxide detectors, smokers, and fire extinguishers.

Market

The market for child care is quite competitive; there are about 200 different facilities that offer these serves. Our competition comes from two general facilities. The largest one is commercially run. The facilities account for more than 39% of the market in the USA. There are also many other locally run and owned faculties with a maximum holding capacity of 30 children while the large ones provide their services between 30-120 children.

To be able to compete effectively, we will apply several strategies, and the main ones will be pricing strategy and benchmarked customer service. In Pricing strategy, we would consider setting our prices lower than the large commercial ones at 10 % lower than the price they are offering. We will take the initiative to train employees. They will help us turn parents into loyal customers because they are the ones who interact with both the parents and the kids; they will need the best skills to be useful in this. Our philosophy in customer-centric will enable vocal marketing by the parents to their friends as a result of positive experience with us; this will increase our customer base.

We will concentrate on working couples who are our major clients, and the number is changing at an approximate rate of 30 %, they account for more than half of our customers. Our next target would be drop-in parents who become our customers when the need arises, and from the market forecast, the group is likely to grow at the rate of 18 % in the next three months.

Managerial team

One person would lead the Centre, I have experience in management, marketing, and sales within the industry, having spent several years in different care Centre during my early years. In one of the Centre as a manager, the business grew from $ 50,000 to $ 2 million.

Business organization

Following the restriction of no person, firm or corporation shall operate, manage or maintain a child daycare facility without a valid license provided in the act (amended by stats. 1986, Ch. 1016, sec 7.). We have paid the required fees of $ 500 for our original application for a daycare center and acquired the necessary licenses needed. Our business won't need a business permit as we already have a license to operate.

To protect the business from third-party claims and losses, like damage to personal property, we have a business owner policy to protect as from auto liability, professional liability, and general liability combined. Risks like professional liability and auto liability

Age of children	ratio	Group size
Four months	4:1	8
Nine months	5:1	10
18 months	6:1	12
Two years	8:1	17
Three years	13:1	26
Four years	15:1	30
5, 6, & 7 years	16:1	30
8, 9 & 10 years	18: 1	30

Business description

Type of program	age
Infant program	Birth to three months
Toddler option for the infant program	Three months
Preschool program	Two years
School-age program	Minimum of 4 years or enrolled in kindergarten
Middle III program	Above five years, all ages

Collaborative partner

We are in partnership with various institutions to help us have a competent team, early childhood teaching certification program to allow all degreed individuals to earn a certificate in teaching. To increase the number of certified professionals in our team, we have partnered with colleges to offer career and professional development funds for some of our members.

Financials plan and analysis

The business has capital worth $ 200,000; this is in addition to state aid to support our program. We would borrow $ 100, 000 to meet our budget, repayment will be under five years paid on an annual basis. There are currently two funding streams that will support our program. The state aid is our first main help,

Profit and loss

	Year 1	**Year 2**	**Year 3**	**Year 4**
Sales	$ 200,000	$ 390, 000	$ 540, 000	$ 600,000
Direct cost of sales	$ 6,000	$ 10,000	$ 14,000	$ 20,000
Gross margin	$ 180, 000	$ 360,000	$ 500, 000	$ 559,000
Expenses				

Payroll	$ 200,000	$ 240,000	$ 300,000	$ 300,000
Sales and Marketing	$ 0	$ 0	$ 0	$ 0
Certification & inspections	$ 2000	$ 2400	$ 2500	$ 2500
Utilities	$ 2,200	$ 2,500	$ 4,000	$ 4,200
insurance	$ 4,000	$ 8,000	$ 10,000	$ 13,000
Rent	$ 12,000	$ 15,000	$ 20,000	$ 20,000
Payroll taxes	$ 25,000	$ 28,000	$ 32000	$ 33,000
Total operating Expense	**$ 245,000**	**$ 295,900**	**$ 368,500**	**$ 372,700**
Profit before tax and interest	$ (65,000)	$ 65,000	$ 131,500	$ 186,300
EBITDA	$ (65,000)	$ 65,000	$ 131,500	$ 186,300
Interest expense	$ 4,300	$ 2100	$ 900	$ 200
Tax incurred	$ 0	$ 12,000	$ 15,000	$ 19,000
Net Profit	**$ (69,300)**	**$ 50,900**	**$ 115,600**	**$ 167,100**

Interpretation of the Presenteted Financial Analysis

1. Capital and Funding Sources:

- The business starts with $200,000 in capital.

- It also receives state aid to support its program.

- An additional $100,000 will be borrowed to meet the budget, with a repayment plan spanning five years on an annual basis.

2. Sales Revenue:

- Year 1 begins with $200,000 in sales revenue.

- Sales are projected to increase steadily over the next four years.

- By Year 4, the business anticipates $600,000 in annual sales.

3. Direct Cost of Sales:

- These are the costs directly associated with producing the goods or services sold.

- Direct costs start at $6,000 in Year 1 and rise gradually over the years.

- By Year 4, direct costs are projected to be $20,000.

4. Gross Margin:

- Gross margin represents the profit after deducting direct costs from sales revenue.

- The business expects its gross margin to increase annually, reaching $559,000 in Year 4.

5. Operating Expenses:

- Payroll is the most significant expense, starting at $200,000 in Year 1 and remaining relatively constant.

- Other operating expenses like certification & inspections, utilities, insurance, rent, and payroll taxes increase gradually over the years.

- In Year 4, the total operating expenses are projected to be $372,700.

6. Profit Before Tax and Interest (EBITDA):

- In Year 1, the business incurs a loss of $65,000, but it expects to turn a profit of $186,300 by Year 4.

- EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) follows the same trend.

7. Interest Expense:

- Interest expenses start at $4,300 in Year 1 and decrease over time, reaching $200 in Year 4.

8. Tax Incurred:

- The business incurs no taxes in Year 1 but is expected to pay $19,000 in taxes by Year 4.

9. Net Profit:

- The business starts with a net loss of $69,300 in Year 1 but anticipates a net profit of $167,100 by Year 4.

- This indicates that the business expects to become profitable and steadily improve its financial performance over the four-year period.

In summary, Lad's Child Care has a comprehensive financial plan that outlines its capital structure, revenue projections, and expense estimates. The business anticipates a gradual increase in sales and a corresponding improvement in profitability, supported by its funding sources and careful financial management.

Reference

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