

**Early Childhood Program
Business 101: Basic
Business Planning for
Growth**

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Welcome

In this Webinar you will:

- Obtain tools to develop a business plan
- Revisit your marketing strategies and implement new ideas
- Gain a better understanding of your finances and how to plan for growth



POLL QUESTIONS



Traditional Business Plan
vs
Business Model Canvas

Traditional Business Plan

1. Executive Summary
2. Company Summary
3. Products and Services
4. Market Analysis Summary
5. Strategy and Implementation Summary
6. Management Summary
7. Financial Plan

Resources Business Plan

- U.S. Small Business Administration
www.sba.gov
- Small Business Development Centers, SCORE, Women's Business Center
- State or City websites
- Local Library
- http://www.businessmodelgeneration.com/downloads/business_model_canvas_poster.pdf



Marketing

Your Message



Your Message

“I am a day care provider.”

Is not as effective as saying:

“ I am the **owner of Early Childhood and Education Center**,
which educates children between the ages of 2 to 6.”

Assess Your Business

- Who is your client?
- What do the parents have in common? (besides the children)
- Why are their children enrolled in your program?
- Program
- Employees
- Environment
- Materials
- Customer Service
- Communication
- Professional Development

Perception: Your Program

- How do *parents* perceive your programs?
- How do *employees* perceive your programs?
- How do *you* perceive your programs?

How do you want your programs to be perceived by *all*?

Analyze the Information

- How can you improve your program?
- Is there opportunity to implement new programs?
- How do you maintain the parents happy?
Staff?
- How to attract new parents?
- Develop new marketing strategies

Develop a plan

- Identify ways to market to your ideal client
- Referrals
 - Family and friends
 - Child Care Resource and Referral Agencies
- In Your Community
 - Who does not know your business?
 - Small businesses
 - Schools
 - Elected Officials

Marketing Strategies

Traditional Strategies

- Flyers
- Brochure
- Newspaper

Marketing Strategies

Technology

- Website
- Directory Online
- Social Media
 - Facebook
 - Twitter
 - Instagram
 - Yelp

Marketing Strategies

- Discounts
 - For Referrals
 - By # of children enrolled
- Incentives to Employees
- Contests on Social Media
 - Facebook
 - Twitter
 - Instagram
 - Yelp

Tips: Marketing on Shoestring Budget

- Business Cards
- Signs outside home (if permitted by local government)
- Newsletter/Blog (Constant Contact)
- Social Media/Ads
- Associations
- Website
- Signs on vehicle

REFERRALS! REFERRALS! REFERRALS!

Resources

- Vista Print (business cards and signs)
- www.facebook.com
- www.twitter.com
- www.instagram.com
- www.gybo.com



FINANCIALS

Why is understanding finances so important?

- Gives you peace of mind
- Make sound management decisions
- Allows you to plan for the future
- Access to capital
- Save you money



Basic Financial Terms

- **Cash Flow Statement:**
 - reflects money coming in and out of the business
- **Balance Sheet:**
 - snapshot of a business' financial condition (assets = liabilities + equity)
- **Income Statement (P & L):**
 - measures financial performance

Basic Financial Terms & Concepts

- **Working Capital:** measures short term financial health (current assets – current liabilities)
- **Debt Service Ratio:** ability to repay debt (EBITDA / Total Debt Payment)
- **Gross Profit:** profitability measurement (Sales – COGS)
- **Break –Even Point:** minimum revenue needed to cover expenses

Financial Statements

- **Cashflow Statement**
- **Profit & Loss Statement**
- **Balance Sheet**

Forecast for the year

List the items that your business will need for the year. (Expected Revenues and Expenses)

Examples

Salaries, Rent, inventory, build-out, marketing, accounting, attorney, furniture, office, equipment, license, merchant service equipment, website, business cards, etc.

Cash Flow

- Prepare a **Cash Flow Projection** projected out over 12 months that list:
 - Expenses
 - Revenue Assumptions
 - Monthly Expenses

A template is available on our website at www.wbdc.org

EXAMPLE A: Cash Flow Projection
 Happyland Child Care Center Cash Flow Projections
 July 2002- June 2003

		July	August	September	October	November	December	January	February	March	April	May	June
Beginning Cash Balance		\$3,252	\$11,971	\$5,100	\$25,377	\$5,593	\$24,880	\$14,294	\$29,761	\$11,500	\$37,185	\$16,874	\$41,586
Cash Receipts													
	Parent Fees	\$432,300	\$36,025	\$36,025	\$36,025	\$36,025	\$36,025	\$36,025	\$36,025	\$36,025	\$36,025	\$36,025	\$36,025
	State Contracts	\$226,998	\$37,833		\$37,833		\$37,833		\$37,833		\$37,833		\$37,833
	CalWorks	\$255,000	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250	\$21,250
	Child Care Food Program	\$45,000	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750	\$3,750
	Total Program Receipts	\$959,298	\$98,858	\$61,025	\$98,858	\$61,025	\$98,858	\$61,025	\$98,858	\$61,025	\$98,858	\$61,025	\$98,858
	Less Vacancy Loss (3%)	(\$28,779)	(\$2,966)	(\$1,831)	(\$2,966)	(\$1,831)	(\$2,966)	(\$1,831)	(\$2,966)	(\$1,831)	(\$2,966)	(\$1,831)	(\$2,966)
	Fundraising	\$25,000		\$10,000			\$6,000			\$5,000		\$4,000	
	Total Cash Received	\$955,519	\$95,892	\$69,194	\$95,892	\$59,194	\$95,892	\$65,194	\$95,892	\$59,194	\$100,892	\$59,194	\$99,892
	Total Cash Available	\$99,144	\$81,165	\$100,992	\$84,571	\$101,485	\$90,074	\$110,186	\$88,955	\$112,392	\$96,379	\$116,766	\$100,780
	Cash Paid Out												
	Net Payroll	\$623,796	\$51,983	\$51,983	\$51,983	\$51,983	\$51,983	\$51,983	\$51,983	\$51,983	\$51,983	\$51,983	\$51,983
	Payroll Taxes and Benefits	\$97,860	\$8,155	\$8,155	\$8,155	\$8,155	\$8,155	\$8,155	\$8,155	\$8,155	\$8,155	\$8,155	\$8,155
	Classroom/office supplies	\$17,004	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417	\$1,417
	Advertising	\$4,200	\$1,400				\$1,400		\$1,400				
	Contract Service/Meals	\$50,004	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167	\$4,167
	Travel	\$776			\$176			\$200			\$200		\$200
	Facility Repairs	\$1,900		\$900					\$1,000				
	Insurance	\$15,450	\$3,750			\$3,750		\$3,750			\$3,750		\$450
	Holiday Party	\$500					\$500						
	Rent/Lease	\$100,000	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333	\$8,333
	Professional Services (e.g. Audit)	\$2,200			\$300			\$1,300			\$300		\$300
	Utilities	\$11,325	\$1,033	\$910	\$884	\$973	\$950	\$1,025	\$916	\$800	\$952	\$1,000	\$925
	Phone	\$2,400	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
	Equipment Purchase	\$6,735	\$6,735										
	Total Cash Needed	\$934,150	\$87,173	\$76,065	\$75,615	\$78,978	\$76,605	\$75,780	\$80,425	\$77,455	\$75,207	\$79,505	\$75,180
	Cash Balance (deficiency) at month's end	\$11,971	\$5,100	\$25,377	\$5,593	\$24,880	\$14,294	\$29,761	\$11,500	\$37,185	\$16,874	\$41,586	\$24,618

Income Statement

- Measures financial performance
- Helps you to manage you business
 - Where do you make money and where you do not (i.e. programs, infant care)
 - Where to cut back on (comparison from previous year i.e. supplies)
- See trends in income
 - High months and low months

EXAMPLE B: Income and Expense Projection

Happyland Child Care Center Income and Expense Projections

Summary of Assumptions:

Program Income Increase	3%
Operating Expense Increase	3%
Vacancy Loss	3%

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
Parent Fees	\$432,300	\$445,269	\$458,627	\$472,386	\$486,557
State Contracts	226,998	233,808	240,822	248,047	255,488
CalWorks	255,000	262,650	270,530	278,645	287,005
Food Program	45,000	46,350	47,741	49,173	50,648
Total Program Revenue	959,298	988,077	1,017,720	1,048,251	1,079,698
Less Vacancy Loss	(28,779)	(29,642)	(30,532)	(31,448)	(32,391)
Fundraising	35,000	36,050	37,132	38,245	39,393
Total Revenue	\$965,519	\$994,485	\$1,024,320	\$1,055,049	\$1,086,700

Expenses

Wages and Salaries Current	\$623,792	\$642,506	\$661,781	\$681,634	\$702,083
Payroll Taxes & Benefits	97,864	100,800	103,824	106,939	110,147
Classroom/Office Supplies	17,000	17,510	18,035	18,576	19,134
Advertising	4,200	4,326	4,456	4,589	4,727
Contract Services-Meals	50,000	51,500	53,045	54,636	56,275
Travel	776	799	823	848	873
Facility Repairs	1,900	1,957	2,016	2,076	2,138
Insurance	15,450	15,914	16,391	16,883	17,398
Holiday Party	500	515	530	546	563
Telephone	2,400	2,472	2,546	2,623	2,701
Rent	100,000	103,000	106,090	109,273	112,551
Utilities (Water & PG&E)	11,325	11,665	12,015	12,375	12,746
Depreciation Expense	5,000	5,000	5,000	5,000	5,000
Total Expenses	\$930,207	\$957,964	\$986,552	\$1,015,998	\$1,046,336
Change in Net Assets	\$35,312	\$36,521	\$37,768	\$39,051	\$40,364

Balance Sheet

- snapshot of a business' financial condition
(assets = liabilities + equity)

Assets: Owns

things that have value, like money in checking and savings accounts, playground equipment, computers, desks, etc.

Balance Sheet

Liabilities: Owes

things that other people have rights to in your business, like bills you owe your vendors, payroll taxes collected from employees but not yet paid, loans on your building or equipment, etc.

The difference between the amount of things you own and what you owe is called owner's equity, capital or net worth.

Happyland Child Care Center
Balance Sheet as of June 30, 2002 and June 30, 2003

	at 6/30/03	at 6/30/02
ASSETS		
Current Assets		
Cash, checking	\$6,251.43	\$1,752.00
Cash, savings	2,510.53	1,500.00
Accounts Receivable	10,103.00	17,015.00
Grants Receivable	5,000.00	-
Prepaid Expense	6,221.00	450.00
Total Current Assets	30,085.96	20,717.00
Equipment (fixed assets)	32,750.00	26,015.00
Less Accumulated Depreciation	(3,275.00)	(2,601.50)
TOTAL ASSETS	<u>\$59,560.96</u>	<u>\$43,130.50</u>
LIABILITIES		
Current Liabilities		
Taxes Payable	\$7,295.52	\$6,627.16
Payroll Accrual	9,877.60	8,752.00
Vacation Accrual	237.50	250.00
Accounts Payable	8,962.34	1,110.85
Deposits	1,500.00	1,500.00
Total Current Liabilities	27,872.96	18,240.01
TOTAL LIABILITIES	<u>\$27,872.96</u>	<u>\$18,240.01</u>
NET ASSETS		
Unrestricted Net Assets	\$31,688.00	\$25,890.49
Temporarily Restricted Net Assets	-	-
Permanently Restricted Net Assets	-	-
TOTAL NET ASSETS	<u>31,688.00</u>	<u>25,890.49</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$59,560.96</u>	<u>\$44,130.50</u>

Next Steps...

- Set goals
- Identify what part of the business plan will you tackle first
- You are not alone... Tap into your Resources
 - SBA, SCORE, Small Business Development Centers and Women's Business Center

**Thank you for your time and
attention!**

Contact Information



Your growth is our *business*.

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