EDUCATIONAL CENTER FOR CHILDREN

BUSINESS PLAN

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INTRODUCTION

The educational services market is large and growing with multiple types of opportunities available for franchisees in the U.S. According to the Bureau of Labor Statistics, there are over 100,000 establishments in the private Education Service industry; almost 200,000 when including local, state and federal government institutions; combined this industry employs over 3.5 million people. On the private side, the industry is mostly fragmented – the fifty most significant companies represent just 30% of the total revenue in the industry. In 2017 there were 55 million students attending school in grades K-12, all of whom are potential clients for educational services. Tutoring in the US is a 7 billion dollar industry and a popular franchise option, either based out of the home or at an on-site location. Some franchises are geared towards younger children and provide a combination of child care and education. It's estimated that 11 million children under the age of five spend at least 35 hours/week in childcare, and there is a growing recognition that early childhood education is immensely valuable and provides lifelong benefits.

EXECUTIVE SUMMARY

New Haven's total population is estimated to be 129,934 of which around 9.3% attend college, and around 83.7% are high school graduates. Research suggested that there are around 73 daycare centers in New Haven, with a total of 21,500 students enrolled in educational curriculums.

Studies state that in the U.S. nearly two-thirds of children aged between three and six are attending school. This is a statement of the desire of the parents to place their children in an advantageous position when facing future curricula and educational challenges. The majority of those children are participating in either preschool or kindergarten programs, with smaller percentages, enrolled in the early elementary grades (1st, 2nd, and 3rd grade). However, preschool enrollment is less common among three- and four-year-olds whose parents have lower levels of educational attainment. In Connecticut, there are around 98,521 children in two-parent families, both in labor force, which may potentially need

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childcare. Four-year-olds are shifting from community-based preschool to public preschool, while three-year-olds are increasingly attending community-based preschool. The prioritization of public school preschool may contribute to declines in the availability of community-based centers and family child care It has been researched and concluded that children in Connecticut who enter kindergarten without having ever attended preschool education curriculums remain concentrated in the lower-income school districts. There is a strong interest for attending educational curricula in Connecticut, out of 213,766 children in 2014, 44% of Connecticut's children would participate in an afterschool program if one were available, compared to 33% in 2009 and 22% in 2004. Despite the poverty being one of the main reasons why children aren't enrolled in daycare and educational programs, the quality of care, the location and quality of the program and the child's enjoyment were also determined as crucial reasons for and against enrollment. It's been reported that close to a 100,000 high school students enrolled in a CTE program, and around 31,736 postsecondary students, of which 78% postsecondary CTE graduates have been placed in careers or further training within 6 months. ABC's competition consists of other educational and childcare centers and schools which generally use the sliding scale model of pricing for their curricula, and are centers which are franchised and are present everywhere throughout the country. These daycare centers include Edith B. Jackson Child Care Program Inc., The Goddard School, KinderCare, Montessori and Leila Day.

Every childcare venture must abide by the regulations and guidelines imposed by the state's government. Doing so, the venture can receive the necessary license and documents, which will enable the business to legally and lawfully provide education and childcare.

The business will be directed by Ms. Caton, and will offer high-quality programs and curricula to children from 6 weeks old to eighteen years old, and will develop life skills, which will positively impact their lives. The center will use the sliding scale pricing model, in order to make the educational and childcare services available to all parents in New Haven. The facility is to be a state of the art, equipped with separate rooms for each life skill activity the center has envisioned, sizeable indoor and outdoor sports and physical activities space, as well as organized transport for the children from and to the center. The center's promotional activities will include Local Area Marketing, Social Media

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Marketing, Word of Mouth Marketing, and through the business' own website, to name a few.

The childcare center will employ life skill activity teachers, assistant teachers and a nurse, head teachers and a program director, with Ms. Caton as the acting President. The staff will educate and take care of the children either dropped off by the organized transport, or their parents until the educational activities and curricula are finished, and the children are set to return to their homes.

ABC's biggest strengths are seen in the experience and vast knowledge of the child education industry by the business' president and the unique life skill educational programs and activities. The high demand for this type of service, the accessible tuition fees, partnerships with other organizations and business are great opportunities to further develop the business and give to the community, whilst profiting. A weakness for the business is the low brand awareness among the target populace, as well as the high costs for procuring a physical location, the renovation costs, and equipment, necessary for starting up the childcare center. The already well-established competitors, not being able to obtain all key licenses or the inability to attract adequate employees, poses a significant threat to ABC's well-being.

The financial projections estimate that the business' break-even point is enrolling a total of 32 children during the first year of operations, 50 in the second and 41 in the third. Moreover, the venture is expected to make profits of $340,574 in the first year of operations, $1,086,888 in the second and $$2,054,467 in the third year of the financial projections.

EXTERNAL ANALYSIS

The External Analysis will showcase the trends, drivers and the general state of the child education market, on a national level for the U.S., and then dive into the statistics and data for the state of Connecticut, to present the market and the potential of successful engagement of business activities in this industry.

INDUSTRY & MARKET OVERVIEW

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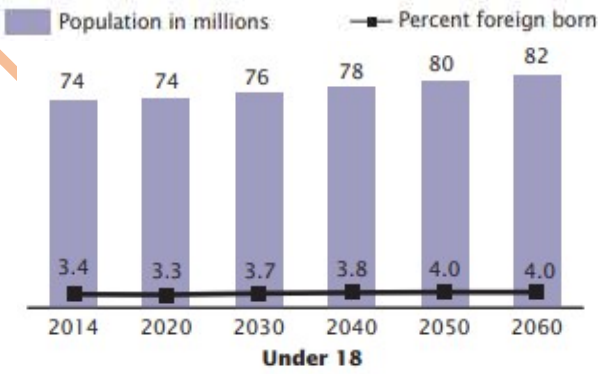
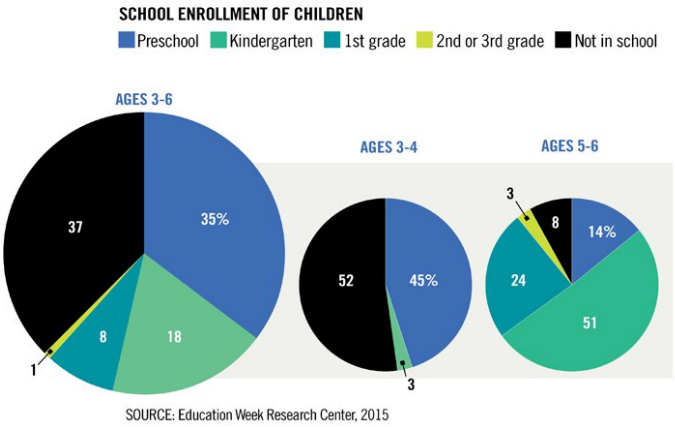
EdSight is a source, which provides insights into education in the U.S. In an article "Condition of Education 2016-2017" they state that the **total number of education providers in Connecticut is 1062**, of which 814 are elementary and/or middle schools and 248 are high schools. In addition to these 1,062 schools, 431 specialized programs provide targeted services. The vast majority of these programs are designed for special education students (287), alternative/credit recovery (80), or prekindergarten (43).

Organization Type	**Number of Schools**
Public Schools in Local and Regional Districts	960
Regional Educational Service Center Schools	28
Public Charter Schools	24
Connecticut Technical Education and Career System Schools	17
Endowed Academies	3
State Agency Facilities	30
Total Number of Schools	**1062**

The number of children in the U.S., under the age of 18, is expected to increase gradually through the years, reaching 82 million in 2060, according to the United States Census Bureau.



Editorial Projects in Education's 2015 analysis on the Early-Childhood Education in the U.S. indicates that nearly two-thirds of children between three and six years of age are attending school. **The majority of children those are**



SOURCE: Education Week Research Center, 2015

participating in either preschool (35%) or kindergarten (18%) programs, with smaller percentages, enrolled in the early elementary grades (1st, 2nd, and 3rd grade).

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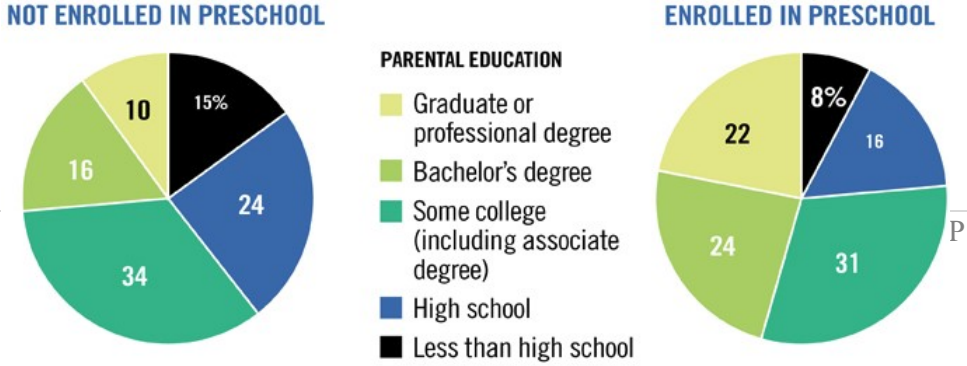
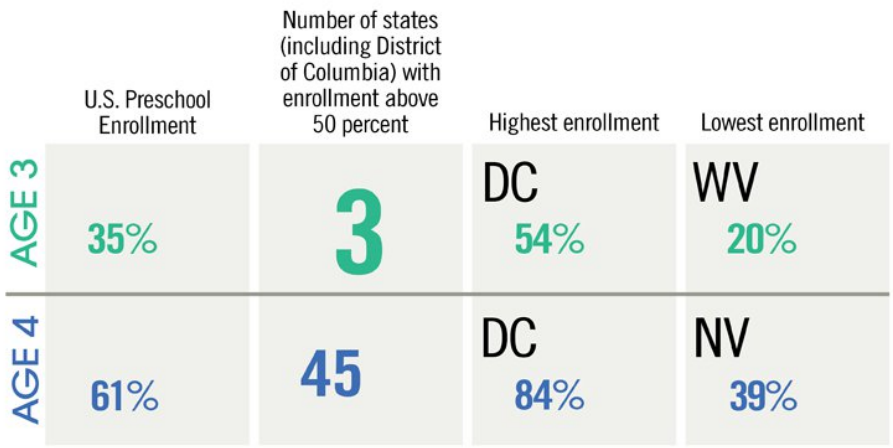
37% of children in this age range are not in school. More than half (52%) of three- and four-year-olds are not in school. By contrast, only 8% of five- and six-year-olds are not enrolled in an education program. The majority of youngsters that age attend kindergarten in the U.S.



SOURCE: Education Week Research Center, 2015

Editorial Projects in Education continues explaining that the level of education of the parents plays a crucial role in the decision whether to enroll their child in preschool education curriculums or not. **Preschool enrollment is less frequent among three- and four-year-olds whose parents have lower levels of educational attainment.** Roughly 4 in 10 children that age who are not enrolled in preschool have parents with a high school diploma or less. By contrast, only about one-quarter of enrolled children have parents who did not complete at least some college.

Furthermore, preschool enrollment is much more common among children at age four than at age 3. Nationally, 61% of 4-year-olds attend preschool compared with 35% of 3-year-olds. In 45 states, the majority of 4-year-olds participate in such education programs. By contrast, just three states have more than half of 3-year-olds enrolled.



SOURCE: Education Week Research Center, 2015

Parents and guardians, especially females, are going back to work causing the demand for preschools and preschool services to grow. Additionally, disposable income is also expected to continue to increase which will let women put more resources towards child care, specifically towards high-value services like early educational programs. An

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important factor that is affecting the growth of this market is employer-sponsored preschool programs, which are becoming more and more of a driving factor as companies put more emphasis on child care to attract and hold on to quality talent.

Children's Defense Fund's 2017 report "The State of America's Children" recorded that in 2016, in Connecticut there were around **753,294 children under the age of 18**, and about **158,321 children under the age of 5**, which are one of the main target group for this business. Child Care Aware's 2017 fact sheet displays a couple of useful tables, showcasing the data and information on the need for childcare, the availability of child care, as well as the costs of child care in Connecticut.

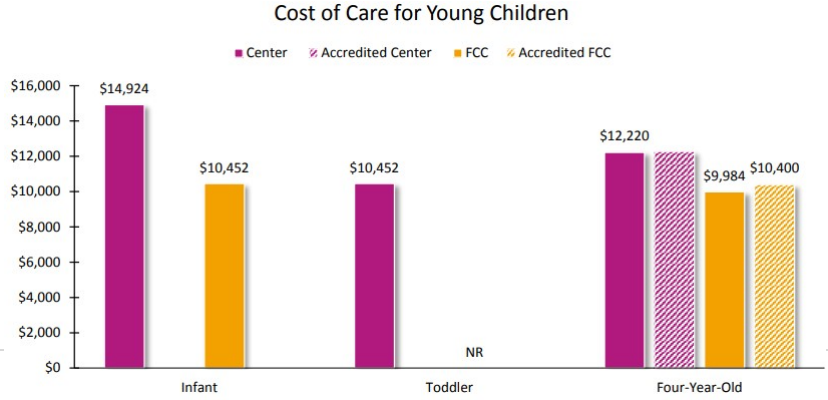
CHILD CARE NEED[1]

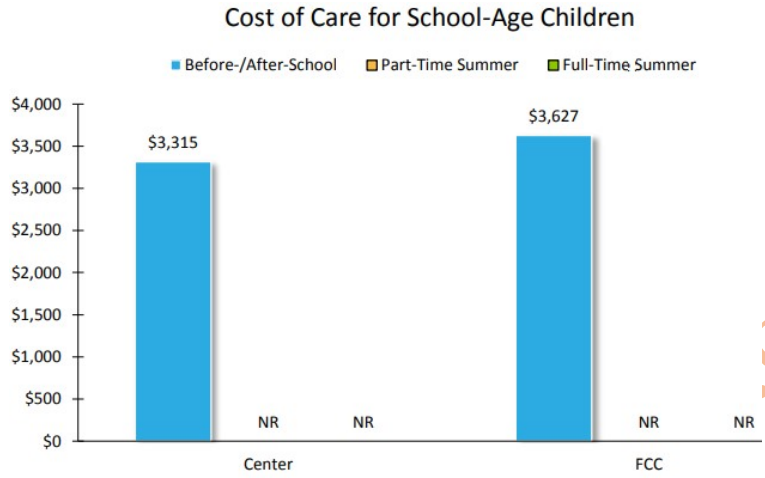
CHILDREN UNDER AGE 6 POTENTIALLY IN NEED OF CHILD CARE	CONNECTICUT	UNITED STATES
Children in two-parent families, both parents in labor force	98,521	8,602,634
Children in single-parent families, parent in the labor force	59,923	6,387,787
Total children under age 6 potentially needing child care	158,444	14,990,421

AVAILABILITY OF CHILD CARE[2]

SPACES IN CHILD CARE PROGRAMS	CONNECTICUT
Total spaces/slots	140,865
Percent of spaces in child care center programs*	73%
Percent of total spaces in licensed FCC homes	13%
Percent of total spaces in school-age care programs	14%
Percent of total spaces in other programs	0%
Percentage spaces/slots of licensed programs	
Percent of licensed spaces for infants	0%
Percent of licensed spaces for toddlers	0%
Percent of licensed spaces for preschool-aged children	0%
Percent of licensed spaces for school-aged children	0%

*Does not include school-aged programs





EARLY LEARNING

The importance of high-quality early learning programs, such as child care and preschool, for children and families in the United States is well-recognized. According to an article published on the Center for American Progress' website, there's an abundance of benefits a high-quality early childhood program can provide, for children, families and communities alike. Some of the positive effects the article emphasizes are the:

- The lesser likelihood for children to perform juvenile offenses and greater chances of graduating high school
- Increased chances for employment, and decreased probability for the child to be dependent on government assistance
- Better program sustainability, if it's high-quality
- High-quality early learning programs, staffed by warm and responsive adults can help mitigate adverse effects from children that are living in poverty are more likely to be subject to stressful home environments, which can have lifelong impacts on learning, cognition, and self-regulation.

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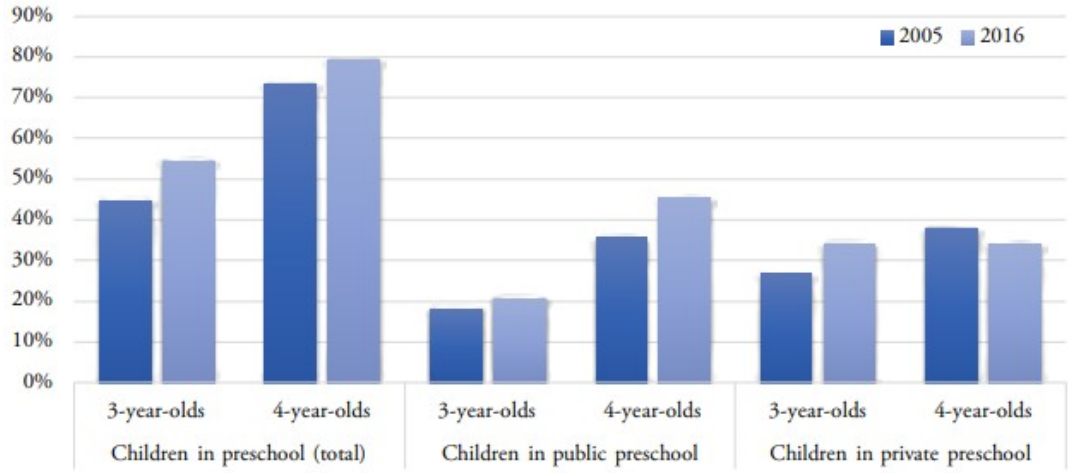
Connecticut Voices for Children's 2017 report showcases the available State-funded early Care and education programs and their eligibility criteria (page 13 in the report), and the share of children which attended preschool in 2005 vs. 2016.



Four-year-olds are shifting from community-based preschool to public preschool, while three-year-olds are increasingly attending community-based preschool. Census data does not show which specific programs these children attended, but does differentiate between public and community-based preschools. The chart above shows that all of the gains in four-year-old enrollment have occurred in public schools and private preschool enrollment for four-year-olds has decreased by 4%.

The report states that preschool enrollment data reported by the State Department of Education corroborates the increasing public school preschool enrollment seen in the Census data: between the 2011-2012 and 2016-2017 academic years, public preschool enrollment has increased from about 16,600 children to almost 18,800 (a 13% increase in just five years). **The prioritization of public school preschool may contribute to declines in the availability of community-based centers and family child care.** What is also very important to point out is that although prioritization of public preschool provides many children access to preschool, families should have other choices available at their disposal.

Another valuable piece of information stated in the report is that some families in Connecticut are deliberately not pre-schooling their children, due to homeschooling, cultural preferences or other factors.

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The report indicated **that children who enter kindergarten without having ever attended preschool education curriculums remain concentrated in the lower-income school districts**. This was concluded via Connecticut Voices for Children's analysis of preschool experience data and a 2006 research bulletin made by Connecticut's State Department of Education. They created designations called "District Reference Groups" (DRGs) to compare similar schools and districts, based on factors including district enrollment, family education, median income, family occupations, approximated community need. These DRGs were labeled from A to I, with median family income declining progressively with each successive DRG. 64 DRG A covers highly affluent suburban districts in Fairfield County, while DRG I covers seven large urban districts with large populations of low-income students and students of color.

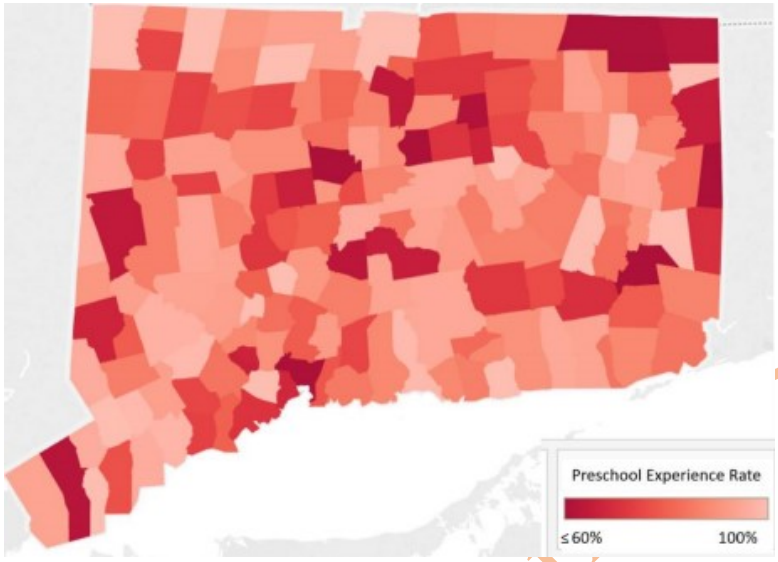
Characteristics of 2006 DRGs

	2006 DRG								
Variable	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**	**I**
Median Family Income	$169,513*	$97,210*	$78,650	$72,984	$65,152*	$59,143	$53,931	$50,598	$30,995*
Percent with Bachelor's Degree	79.0%*	59.5%*	45.9%*	35.8%*	29.9%*	17.0%	20.6%	19.7%	10.5%*
Percent Managerial/ Professional Occupation	67.5%*	61.2%*	52.1%*	45.3%*	39.8%*	31.2%	33.7%	28.8%	21.8%*
Percent Children in Single-Parent Families	9.1%	10.6%	12.9%	17.7%	16.5%	21.7%*	28.3%*	33.5%*	54.9%*
2004 Percent Children in Poverty	0.8%	3.7%	4.4%	9.2%	9.4%	17.9%*	31.0%*	41.9%*	65.2%*
2004 Percent Non-English Home Language	2.1%	4.6%	1.5%	5.0%	1.1%	2.6%	6.1%	22.3%*	31.6%*
2004 Average Enrollment	3,283	4,741	1,308	3,704	766	1,848	4,274	7,535*	14,374*
Number of Districts	9	21	30	24	35	17	17	9	7

A report published by Connecticut Voices for Children, in July 2017, allows insight into the rates of preschool attendance by Kindergarteners by District in Connecticut for the years 2015-2016.

At the beginning of the 2015-2016 school year, 80% of kindergarteners in the state had attended preschool at some point. In District Reference Group A- the wealthiest school districts, such as Darien and Westport - virtually all (97%) students had attended preschool. By contrast, in District Reference Group I - the poorest school districts (all of which are large and urban), such as New Haven and Hartford - fewer than a quarter (73%) of students had not attended preschool for even a single day. For infant and toddler care,

municipal data is not readily available, but statewide evidence shows that the number of slots for children aged birth to two meets only a fraction of the potential need.



Child care and education in the state of Connecticut is expensive, as expressed in Connecticut Voices for Children's 2017 "Care 4 Kids in Connecticut" report. The report shows that Care 4 Kids is providing support for parents in almost every city in Connecticut (97%).

AFTER SCHOOL PROGRAM

It is useful to establish the number of potential children that would be interested in enrolling in an after-school Program in Connecticut. According to statistics from infoplease, the number of young children, aged between 5 and 14 in the state of Connecticut is around 485,731. These numbers resemble one of the main constituents of the target audience for this business endeavor.

Similarly, as in the previous market segment, the early education /learning, having quality after-school programs benefits students significantly,, as shown in a research factsheet fashioned by Expanded Learning. They suggest that high-quality after-school programs have an essential role in helping children to grow up safe, healthy, educated, connected and employable. Moreover, studies have shown that students who were involved in high-quality after-school programs had:

- Fewer absences and less tardiness
- Better grades

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- Higher rates of homework completion
- Increased rates of parental involvement in school
- A greater sense of the relevance of curriculum
- Increased responsibility
- Enhanced problem solving and conflict management skills.

A brief fact sheet made by After School Alliance, an organization dedicated to raising awareness of the importance of afterschool programs, proceeds to explain that:

- 60% of Connecticut parents agree that afterschool programs help children gain STEM (Science, Technology, Engineering, and Mathematics) - related interests and skills.
- For every Connecticut student in afterschool, two more would participate if a program were available. There are 99,710 students enrolled and another 213,766 placed on the waiting lists.
- Afterschool provides a substantial return on investment. Research shows that every $1 invested in afterschool programs saves at least $3 by:
    - Increasing kids' learning potential
    - Improving kids' performance at school
    - Reducing crime and juvenile delinquency

After School Alliance, a non-profit organization which tries to ensure access to affordable quality after-school programs to all children offers detailed insights on after-school programs in the state of Connecticut for the year 2014. Below are few of the many interesting statistics and facts regarding Connecticut:

- In 2014, 17% of Connecticut's children participated in an afterschool program, compared to 18% in 2009 and 14% in 2004.
- In 2014, 20% of Connecticut's children in grades K-5 participated in an afterschool program, compared to 21% in grades 6-8 and 10% in grades 9-12.

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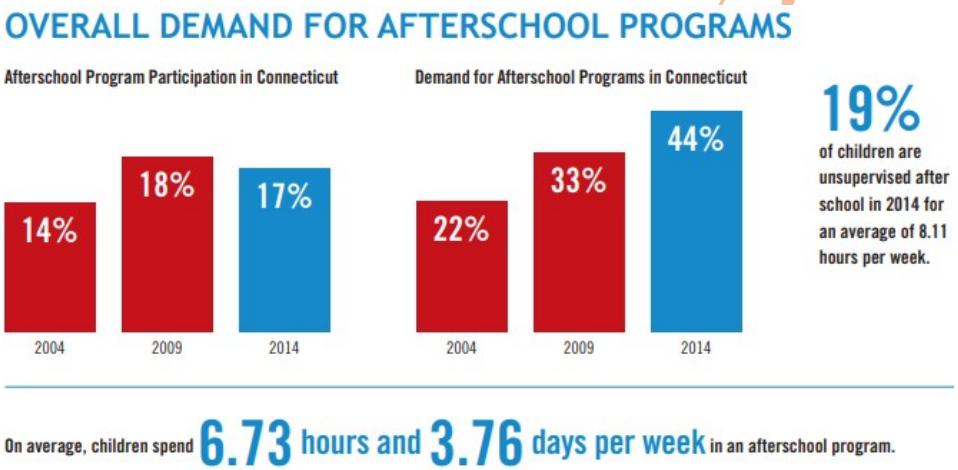
- Out of 213,766 children in 2014, 44% of Connecticut's children would participate in an afterschool program if one were available, compared to 33% in 2009 and 22% in 2004.
- Children per grade who would participate in an afterschool program if it were available; K-5 47%, 6-8 48% and 9-12 34%.
- Parents stated that the lack of alternatives between after-school educational activities, alongside the absence of a safe way to get their child to and from an after-school program, are amongst the most prominent concerns and limitations for enrolling their children in an after-school program.



After an increase in after-school program participation from 2004 to 2009, Connecticut saw a slight dip in the percentage of children taking part in an after-school program - from 18 % to 17 % - bringing Connecticut below the national average. Additionally, the average time children in Connecticut spend in an after-school program decreased, from 8 hours in 2009 to 6.73 hours in 2014, also below the national average.

A fact sheet published by After School Alliance showcases some interesting conclusions from a survey conducted in 2014, regarding the demand for afterschool programs and parent satisfaction.

This is the information the survey concluded:

- In 2014, 96% of Connecticut's parents were satisfied with their child's afterschool program and 70% agreed that afterschool programs give working

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parents peace of mind, more work needs to be done to ensure that all children in Connecticut are able to take part in an afterschool program that keeps them safe, inspires learning and supports working parents.

- Connecticut parents cited as their top five reasons for selecting an afterschool program: quality of care (90%), the program is a safe haven (88%), location is convenient (86%), knowledgeable and well-trained program staff (84%) and their child enjoys the afterschool program (82%).
- 74% of Connecticut parents agree that afterschool programs help working parents keep their jobs.

What is also an excellent indicator to the determination and will to see the children education industry prosper is the fact that the Child Care and Development Fund (CCDF) received a $2.37 billion national increase for the 2018 fiscal year.

According toAfter School Alliance, there is a need for more funding so that the youth can access high-quality programs, as well as, receive technical training and professional development.

Information gathered from After School Alliance showcases that the current number of children enrolled in a Connecticut after-school program (a 21st CCLC program) is around 9,724, and close to $9,724,461 is awarded by the federal government to provide support to the 21st CCLC programs, statewide.

*The allocated 21st CCLC funding and the program cost is $1,000 per child. The program cost per child is an Afterschool Alliance estimation based on the Department of Education's per-student expenditures for (1) all students participating in 21st CCLC programs and (2) students who regularly attend 21st CCLC programs.

Afterschool programs are increasingly becoming an answer for parents who are looking for a safe, supportive and academically enriching environment for their child between the hours of 3 and 6 p.m., or the hours after the last school bell rings and before parents return home from work.

TRADE SCHOOL FOR HIGH SCHOOL STUDENTS

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A 2015 article published by Forbes, states that in the US 68% of high school students attended college. That means over 30% graduate with neither academic nor any specific job skills. But even the 68% aren't performing well. Almost 40% of students who begin four-year college programs don't complete them, which translates into a whole lot of wasted time, wasted money, and burdensome student loan debt. Trade school programs for high school students, which prepares them for the future, can be a useful tool in the process of breaking that cycle.

Enrolling in vocation/trade education programs, high school students can be better equipped and knowledgeable when they face the challenges that college life brings and beyond. TreeHugger' article "What happened to vocational training in schools – and can it come back?" mentions a couple of reasons how vocational training and education can benefit students and give them a much-needed advantage:

- **Trades are practical skills**. Young people who can build, repair, and invent things have useful knowledge that is easily applied in daily life, at work, and at home. Practical skills would give students a tremendous sense of personal satisfaction, particularly for a generation that's grown up in inhabiting virtual reality.
- **Vocational training allows young people to work immediately after high school without racking up huge student loans.** Far too often, the fixation on college degrees results in paralyzing debt that is no way to start one's adult life.
- **Introducing vocational training could counter the fear culture that pervades schools.** It would introduce a much-needed perspective on what kids are capable of doing safely, i.e., using power tools, torches, knives, hot stoves, etc.
- **It would expose young people to a wide range of careers that are not commonly known.**
- **Vocational training would give young people a clearly defined direction in life, which is something that everyone craves.**

Vocational/trade education or more commonly known as Carrier and Technical Education (CTE), was more closely studied in a 2016 study made by University of Connecticut's Shaun M. Dougherty. In this study, data from Arkansas was used to explore whether students can benefit from CTE coursework and, more specifically, from focused sequences

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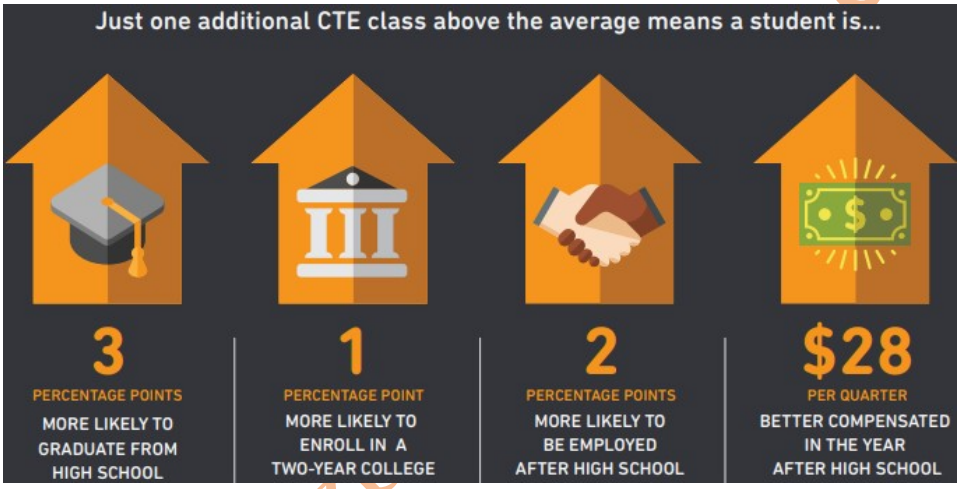
of CTE courses aligned to specific industries. Medium, an online newspaper, emphasizes the study's striking main fining: "The more CTE courses students take, the better their education and labor market outcomes." What was also discovered in the study, was that taking one additional CTE class above the average made students in Arkansas 3.2 percentage points more likely to graduate and earn $112 more per year after high school. Students concentrating (taking a sequence of three or more courses in an occupationally aligned "program of study" – a term defined and used in the study) in a specific program were particularly likely to benefit.



Another report, released by the Manhattan Institute and co-authored by Dougherty and Tamar Jacoby, explored the CTE in New York City and found suggestive evidence that attending such a school increases student attendance and graduation rates.

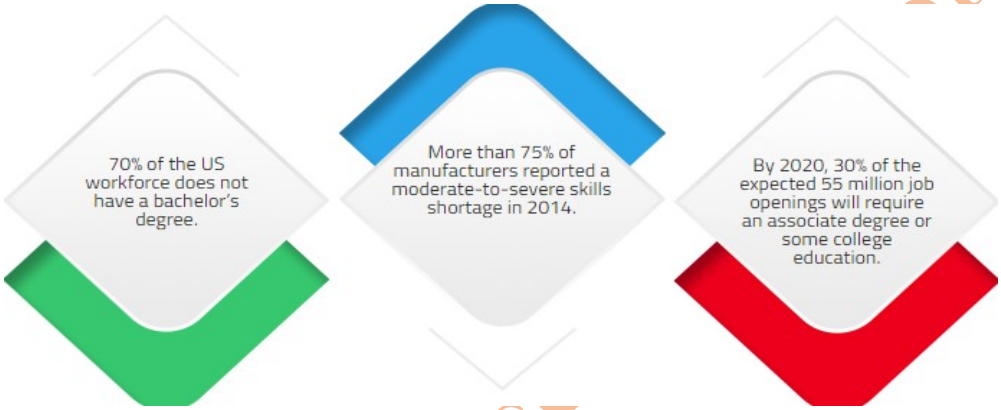
The reports and the general belief that CTE is aiding the curricular and professional growth of American youth is undeniable, and applicative for each state nationally.

According to Advance CTE, in Connecticut, close to a 100,000 high school students enrolled in a CTE program, and around 31,736 postsecondary students. The outcomes of high school students which enrolled in a CTE showcase that:

- 92% of high school CTE graduates have enrolled in the military or have started working within six months.
- 15% postsecondary CTE students have earned a credential, certificate or a degree.

- 63% postsecondary students CTE students stay enrolled and/or transfer.
- 78% postsecondary CTE graduates have been placed in careers or further training within 6 months.

Information available on Learn How to Become, a website which offers guidance for students in shaping their future carrier paths, states that students disinterested in a traditional four-year degree, vocational education provides the training necessary to become qualified professionals in a variety of trades.



The information presented in the paragraphs above is a reliable indicator of the need and opportunity in offering an engaging, upheaving and educational carrier program to high school students in Connecticut.

NEW HAVEN DEMOGRAPHICS

According to Neighborhood Scout, New Haven's total population is estimated to be 129,934 of which, around 6% (7,796) are children under the age of 5, 16% (20,789) are children aged between 5 and 17 and approximately 15.7% (20,400) of the total population are persons with 18 years of age. Statistics show that only 9.3% of New Haven's youth attends college, and around 83.7% are high school graduates.

According to Care, an online platform where families and caregivers connect, there are around 73 daycare centers in New Haven and about 4,000 throughout Connecticut, operating under the Community Based Regulation's (CBR) supervision.

Information obtained from New Haven Public Schools' website indicates that the city has 21,500 students enrolled in educational curriculums.

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COMPETITION

To offer a more precise overview of the services/programs and their whereabouts, tables were made, detailing five competing schools in New Haven on the prices for their services, who are the programs for, what do the programs include, as well as the strengths and weakness of each school.

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School	Leila Day		
Services	**Price**	**Aimed At**	**What do the programs include**
Full Day Preschool	**Family Income 10Month Tuition** $0-$19,999 $2000 $20,000-$25,999 $2,700 $26,000-$43,999 $3,400 $44,000-$69,999 $4,140 $70,000-$99,999 $4,900 $100,000-$125,000 $5,840 $125,000-$150,000 $6,320 $150,000 $6,410	3-4-year-olds	N/A
Morning Preschool	Fixed (N/A)	Mixed age group	N/A
Full Day Kindergarten Subtitling	Sliding Scale (see above)	N/A	Art, building, dramatic play, music and movement, science explorations, mathematical thinking, cooking, reading, creative writing, and a thematic study of communities that includes many local walking field trips.
After School Programs	Both methods	Up to 10-year-olds	N/A
Strengths: The school teaches children problem-solving skills through play and they incorporate the outdoors and nature into their day.			
Weaknesses: There isn't a tuition sliding scale for their half-day program. They do not give an option for children to attend 2 or 3 days per week. This center does not use an app or email that includes pictures to daily update parents on student's day and progress.			

School	Edith B. Jackson Child Care Program Inc.		
Services	**Price (Monthly)**	**Aimed At**	**What do the programs include**
Tadpoles	2 day: $830 3 day: $1,190 5 day: $1,850	3-15 months	Outdoor play, art, music, imaginative play, nature observation, physical sciences, literature, mechanics, construction, sand and water play, puzzles, and

			games.
Sea Turtles	Same as above	2-year-olds	Play, scaffold experiences, manage new social encounters and encourage independence.
Cubs (Toddlers)	Same as above	2 and 3-year-olds	An indoor and outdoor environment that encourages books, music, blocks, art activities etc.
Butterflies	2 day: $635 3 day: $900 5 day: $1,430	3-5-year-olds	Books, letters, writing. Music, listening, singing, dancing. Blocks. Drawing, painting, playdough. Texture tables, water, and mud. Balance bikes, scooters, and trikes.
Strengths: Children explore through hands-on experiences. Their environment is inclusive. Outdoor play is an important part of their day.			
Weaknesses: Monthly tuition costs $1,385, where the median monthly income per capita in New Haven is $1,983.			
School	THE GODDARD SCHOOL® FOR EARLY CHILDHOOD DEVELOPMENT The Goddard School		
Services	**Price**	**Aimed At**	**What do the programs include**
F.L.EX	$875/month for two full days	N/A	Fun, hands-on activities, warm nurturing classrooms that promote a passion for literacy, science, technology, engineering, arts and mathematics, independent exploration and discovery every day, whiteboards that support collaborative and meaningful learning without replacing creative play, exploration or physical activity. The F.L.EX (A Fun Learning Experience) program is supported by STEAM (science, technology, engineering, arts, and mathematics)
Strengths: Children have an outdoor play activity at least once per day.			
Weaknesses: Does not offer flexibility in terms of how often students attend. The school does not discuss with parents when children are moved up to another class. Maternity leave teachers are not replaced with full-time teachers.			

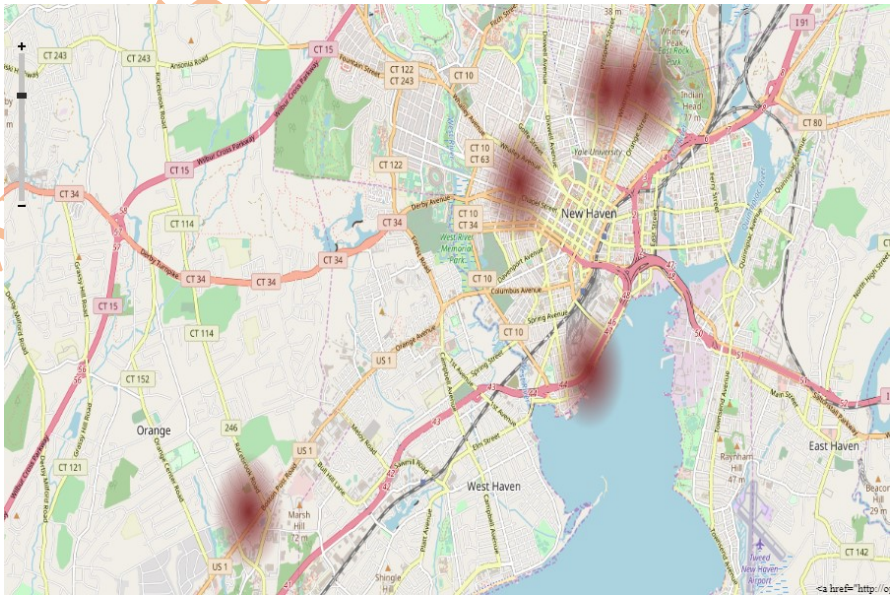
School	KinderCare

Services	Price (Weekly)	Aimed At	What do the programs include
Infant Daycare & Early Education	$325	6 weeks-1-year-olds	Going Places, Stacking Blocks, explore everyday items, music activity involving songs.
Infant Daycare & Early Education	$325	1-2-year-olds	Learn and create homes and habitats for toy animals, construct and talk about some of the familiar spaces and places in their communities, use garden tools to dig in the soil and use their senses to explore seeds, plants, and flowers.
Discovery Preschool Education	$287	2-3-year-olds	Learning to identify and name different body parts, counting, clapping.
Preschool Program	$247	3-4-year-olds	Rhyming words and creating group stories on the flannel board, math, outdoor activities and Spanish vocabulary activities.
Prekindergarten Program	$247	4-5-year-olds	Literacy and math activities, outdoor and fine-arts activities, Spanish vocabulary activities.
KinderCare Early Foundations	$325	Children who missed the kindergarten cut-off date.	Enhanced focus on higher-level skills from the developmental domains of Language and Literacy Development, Executive Function, and Social and Emotional Development.
Transitional Kindergarten	$179	5-6-year-olds	Children take lead roles on projects and complete them in small and whole groups.

Kindergarten	$179	5-6-year-olds	All-day program with before- and after-school care, standardized tests, and parent-teacher conferences.
K12® Interactive Kindergarten	$179	5-6-year-olds	Interactive smart board, a range of teaching methods designed to cater to different learning styles, a development plan incorporating ongoing assessments for parents etc.
School-age early education	$179	5-11-year-olds	Character Development, Creative Expression, Executive Function, Inquiry-Based Learning, Literacy, Interest Areas.
Strengths: Small Class Size for better student focus and interaction. There is strong partnerships between the parents and the teachers. Highly trained Early Childhood Teachers. Subsidized Child Care and Support for Military Families			
Weaknesses: They do not provide pickup. Children have to be bussed to their location by parents and/or caregivers. Lacks classroom resources.			
School			Montessori
Services	**Price**	**Aimed At**	**What do the programs include**
Preschool Program	Sliding scale fee schedule for families whose incomes are less than 75% of the State's median income.	N/A	Practical Life, Sensorial, Language, Math, Geography, and Science, Movement and Music, Art, Social / Emotional / Physical Development.
School Readiness	Same as above	3-5-year-olds	The curriculum used by MSOE is based on the American Montessori Society guidelines and aligns with PCF/PAF in most respects.
Infant/Toddler Program	Same as above	6 weeks – 3-year-olds	Care of self, Sense of self, Social relations, Care of environment, Language and communication,

			Group time finger play, Pre-math, Exploring objects, Practical life, Space, Time, Props, Music, Creative representation, Manipulative etc.
Kindergarten Transition	Same as above	Children transitioning to kindergarten	Children are assessed for their literacy, cognitive, social-emotional and physical development based on the Connecticut Kindergarten Inventory Assessment. The results of the assessment are discussed with parents to formalize a plan to promote school readiness.
After School	Same as above	N/A	A project-based program that fosters growth in the areas of literacy, math, science and critical thinking. Outdoor exercise, homework, and reading.
Strengths: Children mainly engage in sensorial activities. Children engage in hands-on activities and work independently.			
Weaknesses: The school has a long waiting list.			

This is a Heat-map showcasing the five competing schools and their location in New Haven.



LEGAL OVERVIEW

The Child Day Care Centers & Group Day Care Homes details greatly all of the steps necessary to begin a child care business.

A useful article posted on Our Everyday Life's website, emphasizes the necessary steps that are needed for starting up a Daycare center in the state of Connecticut. It elaborates that the Community Based Regulation (CBR) section of Connecticut's Department of Public Health controls and manages the administration for child day care licensing. The application process for opening a daycare center is comprehensive in scope and thorough in its execution, which means that daycare providers and facilities must submit to investigations that disclose staff qualifications and backgrounds, property history and condition, and compliance to state health regulations.

The steps in the article can be surmised in the following:

1. Fill in an application form provided by the department
2. If the department deems the applicant in compliance with the state statutes and regulations, the department issues a 2-year license for all new programs, which is non-transferable.
3. The operator should contact the local zoning commission or planning board to confirm that they have the right to open a daycare center in the premises they have selected.
4. Employee interviews should follow, where the information collected will be used in filling in the necessary licensing application forms.
5. Lastly, the operator should consult with their insurance agent to determine that they have adequate liability insurance for owned or rented property, and sufficient worker's compensation insurance for themselves and their staff.

Visiting Connecticut Office of Early Childhood's website holds more detailed information regarding the requirements of the future child care providers.

Child Care Aware offers tips on how to properly create and develop the necessary Policies and Procedures. They include Code of Ethical Conduct, Operation Hours, Parent

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Handbook, Staff Handbook, Disaster and Emergencies checklist, and what are the merits of reaching National Accreditation.

Information available on Care 4 Kids' website suggests that anyone willing to be eligible for the Care 4 Kids program must be licensed by the CT Office of Early Childhood (unless exempt from licensing).

All licensed centers which provide child care are required to ensure their programs pass a health and safety inspection by the Office of Early Childhood Licensing Program, as stated on Care 4 Kids' website

To be eligible for receiving financial aid from Care 4 Kids, an additional form is required to be completed. The DCF Authorization for Release of Information Form. This form is used by DCF to complete a background check for unlicensed providers. Submission of this form is an eligibility requirement of the Care 4 Kids program and must be returned to Care 4 Kids.

The Office of Child Care, has sizable amount of useful information and resources for Child Care Providers in the U.S. It covers topics on how to receive funding to help start or improve child care programs, how to receive funding to serve children from low-income families, ways to receive funding to serve nutritious meals in the child care program, as well as, licensing regulations for starting and operating a child care center or home.

INTERNAL ANALYSIS

The internal analysis will showcase how the business will function. It will expand upon the company's competencies and aspects that could be improved in the future. The internal analysis will provide insights which will enable ABC's operations to run smoothly, attain a larger client base, and leave the students and parents satisfied with, the center's childcare and educational services. The business model will detail how the business will operate at its core. The following subchapter will showcase potential ways on how the business can promote itself, as well as better position their services on the market. The process workflow will display how the main process that generates money for the business will unravel, and lastly, the organizational structure will familiarize the reader of the business plan with who are the people behind this business and how will the business be structured.

BUSINESS MODEL

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ABC will be providing educational services to children from 6 weeks to 18 year-olds. The services will be provided in a state of the art educational center in New Haven, Connecticut U.S. and will offer classes which involve woodworking, cooking, sewing, arts & crafts, photography, and sports. There will also be an outdoor space for outdoor activities and much more. The educational center will have a separate room for each activity and an arranged transport for the children from their schools to the educational center and back. If possible, it will provide pickup services from families' homes as well. ABC will also take great care of the environment by being eco-friendly, recycling all plastic and paper items which are not being used by the children while using eco-friendly materials for cleaning and hygiene purposes. This business venture is steered by Ms. XYZ, holder of a Bachelor's Degree from New York University in Marketing, International Business, and Computer Applications and a Master's Degree in Elementary Inclusive Education with a Gifted Extension from Columbia University. Her previous professional experiences as business consultant and a systems analyst, are a witness to her ability to identify the need for high-quality educational programs and services in New Haven, competently develop, implement and oversee them, as well as provide highly engaging and educational curriculums, thanks to her previous experience as a Teacher in an Elementary, Middle and High School. Her deep and long-term involvement in the education sector is a statement to the determination to provide better and life-changing educational experiences to each and every child, regardless of their background, ethnicity, or religious belonging.

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MISSION & VISION

Company's Mission: Providing children of all ages essential educational and life skills, so they can become the best adults they can be.

ABC's Vision: ABC helps students develop into engaged, self-directed, lifelong learners with the knowledge and skills to confidently and compassionately navigate in the ever-changing world.

PRODUCT/SERVICE SPECIFICATION – 4P

With the help of the 4P/7P marketing mix, an insightful analysis will follow, which will enable the business' services, to be offered to the right audience, with the right price. This

marketing mix will allow proper resource allocation, responsibilities, and improve the communication process.

PRODUCT/SERVICE

ABC's trained and certified staff will provide childcare services and after-school program to children of all ages.

These are the primary services ABC will provide:

- Full-time Child Day Care
- Part-time/After School Care (including drop-off and pick-up)
- After School Tutoring
- Drop-In Care

The children will be taught essential life skills that will help them become happy, well-rounded, and functional adults. These skills are also necessary so that children become life-long learners.

The main set of skills ABC will focus on developing in the children, and the students are:

- Demonstrating proficiency and deeper understanding of the content and the skills,
- Applying learning activities to real-world situations,
- Communicating clearly and efficiently,
- Thinking critically, and
- Using analytical approaches to reasoning.

Below is a brief overview of the programs:

Age Group:	**Programs:**
Six weeks to two years old	Daycare program
Two-four years old	Early learner program
Five years – fourteen years old	Homework help after school program

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Five to sixteen years old	Life Skills Activities (Cooking, Woodworking, Sewing, Pet & Animal Care, etc.)
Fifteen to eighteen years old	Trade School Program
Twelve to eighteen years old	Entrepreneurial Program

ABC's curricula and learning experiences are developed based on the premise of the Q-LEAP principles:

- Quality Education- the diverse abilities of the students are recognized, and tailored opportunities for each child to learn and achieve success are provided.
- Limitless Learning – ABC has the students positioned to excel in school and beyond by fostering in them an unwavering commitment to increased knowledge and continuous learning.
- Excellence – A commitment to encouraging and facilitating excellence in each of the students through words and actions.
- Accountability – Active engagement with the students in taking responsibility for their success by encouraging and coaching them to be responsive to feedback, receptive to new ideas, and committed to working hard each day.
- Personal Pride – ABC is dedicated to motivating every student to exhibit continuous pride in their work and effort.

ABC's schedule is carefully planned for each month, and for each activity. That way, the parents and the children can have an overview of the time and the activities they will be having and plan their daily routines accordingly.

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Activities	March	April	May
Woodworking	Starts 3/10- 4/14 Saturdays	Starts 4/07- 5/12 Saturdays	Starts 5/18- 6/22 Fridays
http://lifeskillslol.com/activities/woodworking/	Time: 1:30pm-2:30pm	Time: 12:00pm-1:00pm	Time: 5:00pm-6:00pm
	Starts 3/17- 4/21 Saturdays	Starts 4/10- 5/16 Tuesdays	Starts 5/23 - 6/27 Wednesdays
	Time: 2:45pm-3:45pm	Time: 4:45pm-5:45pm	Time: 5:00pm-6:00pm
	Starts 3/18- 4/22 Sundays	Starts 4/15- 5/20 Sundays	Starts 5/26-6/30 Saturdays
	Time:1:00pm-2:00pm	Time: 12:30pm-1:30pm	Time: 1:30pm-2:30pm
	Starts 3/20- 4/24 Tuesdays	Starts 4/21- 5/26 Saturdays	Starts 5/05-6/09 Saturdays
	Time: 4:45pm-5:45pm	Time: 1:30pm-2:30pm	Time: 3:00pm-4:00pm
	Starts 3/24- 4/28 Sundays	Starts 4/13 - 5/18 Fridays	Starts 5/06-/10 Sundays
	Time: 3:00pm-4:00pm	Time: 5:15pm-6:15pm	Time: 12:45pm-1:45pm
	Starts 3/30-5/4 Fridays	Starts 4/26 - 5/31 Thursdays	Starts 5/20-6/24 Sundays
	Time: 5:00pm-6:00pm	Time: 5:00pm-6:00pm	Time: 1:45pm-2:45pm
Cooking	Starts 3/12-4/16 Mondays	Starts 4/11-5/16 Wednesdays	Starts 5/4-6/8 Fridays
http://lifeskillslol.com/activities/cooking/	Time: 5:00pm-6:00pm	Time: 5:00pm-6:00pm	Time: 5:30pm-6:30pm
	Starts 3/18-4/22 Sundays	Starts 4/14-5/19 Saturdays	Starts 5/5-6/9 Saturdays
	Time: 1:00pm-2:00pm	Time: 2:30pm-3:30pm	Time: 1:30pm-2:30pm
	Starts 3/23-4/27 Fridays	Starts 4/23-5/28 Mondays	Starts 5/23-6/27 Wednesdays
	Time: 5:30pm-6:30pm	Time: 5:00pm-6:00pm	Time: 5:00pm-6:00pm
	Starts 3/24-4/28 Saturdays	Starts 4/29-6/3 Sundays	Starts 5/26-6/30 Saturdays
	Time: 1:30pm-2:30pm	Time: 1:30pm-2:30pm	Time: 2:30pm-3:30pm

The full extent of the activities schedule can be browsed here. The center will operate during the whole week, excluding Sunday. The children's parents will be notified and informed about any potential changes in the schedule, their child's progress, as well as any other important information, will be shared with them through an app and/or via email, which will include pictures too.

PRICE

ABC's service pricing will be fair to the each and every family that works full time in New Haven, and need care for their children during working hours, summer vacation, and when children have off from school. Therefore it will employ a sliding scale pricing, determined by the income of each family. This is a short representation of how the sliding scale would function.

Tuition for Full Day Preschool is based on a sliding scale determined by family income.

Step	Annual Family Income	10 Month Tuition
1.	$0-$19,999	$2,250
2.	$20,000-$26,999	$3,000

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3.	$27,000-$33,999	$3,750
4.	$34,000-$40,999	$5,000
5.	$41,000-$47,999	$6,250 and so on

PLACE

Place in the case of educational centers determines where the center is going to be located. Place plays a vital role in offering services. Quality of service is perceived by many in the form of place of delivery- locational appeal, interiors, ambiance, etc. ABC will provide a welcoming, friendly atmosphere and will strive to be known for its nurturing environment, situated in New Haven, Connecticut U.S.

The education center is going to be with a state of the art interior and exterior, which will meet the highest safety and hygiene standards, adequately heated, lit, and ventilated. In the future, ABC will look to open a second center in the same state, to continue its community support and service.

The center will have an indoor and outdoor physical activities space. The indoor space will be a gym, fit for recreational and sports activities. The outdoor space will be the perfect area for each child to go outside and play – running, jumping and skipping are some of the activities envisioned for the outdoor area.

Moreover, each activity envisioned for this child educational center will have its own room, where the children will have all necessary tools and equipment to learn and develop skills which will be useful throughout their lives.

To state some of the rooms planned:

- Sewing room
- Woodworking room
- Room for animal and pet care
- Cooking room

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- Laundry and dishwashing room
- Photography/Darkroom
- Medical room for the nurse
- Homework club room
- Nap room for sleepy children
- Place where mothers can tend to their children and pump
- A place for special needs children

PROMOTION

The educational center will promote itself by making use of well-known and efficient marketing tools, which will pique the interest of parents looking for care and ways to improve their children's education.

- Online Website – Apart from having an online medium for showcasing ABC's services and curricula, the educational center has also a blog post, which will help engaging parents and student via responding on questions and inquiries. These connections will let the parents and students know that they are important to ABC and that their opinions and experiences really matter.
- Social Media – the business will have a presence on all major social media, including, Twitter, YouTube, LinkedIn where visitors can easily inquire about the school's services, curriculum, and location. This will enable bigger reach to potential clientele, as well as provide bigger availability to the various users of each social media platform.
- Word of Mouth Marketing (WOMM) – ABC will use this marketing channel to equip the parents and children with reasons to talk about ABC. The center will provide outstanding service and curriculum, insider knowledge, incredible stories and funny disclosures which will present the center as the community-giving and high-quality child care and education provider, it actually is.
- Local Area Marketing – will enable ABC to develop a repeat customer base in the immediate vicinity of the business's location, by billboards, brochures, posters, and

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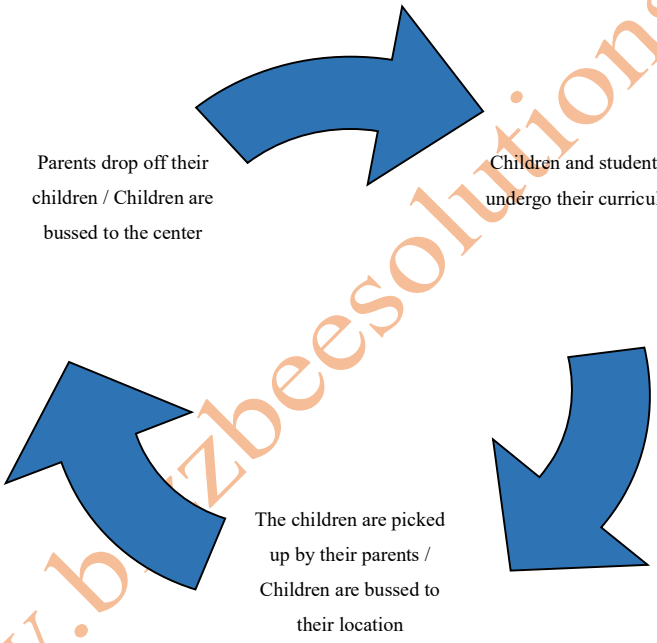
flyers, sponsoring little-league teams, running a booth at a local fair, participating in a local ministry. Every event and activities will increase the center's prominence and recognition. Furthermore, ABC will make partnerships with local schools, to ensure the safe transportation of the children from and to the education center. Alliances with local toy makers, bookstores, and retailers of baby products are possible as well. Other community partnerships which benefit the children and the students will also be made.

PROCESS WORKFLOW

The process workflow will follow the activities showcased below.



1. The parents will either drop off their children on ABC's premises, or the children and students will have a previously arranged transport pick them up and transport them to the educational center.
2. The children will be taken care of within the center's premises, they will have their curricular activities and educational sessions, depending on their age and program they are enrolled.

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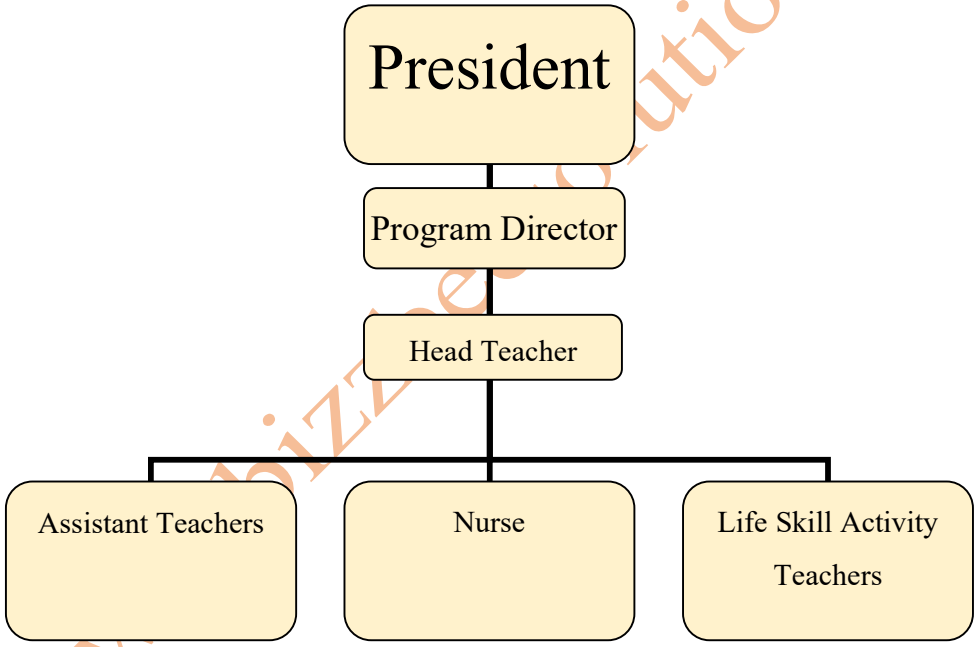
3. Once the activities for the day are over, the parents will come to pick their children from the center, or the public transportation will take care of safely transporting the children and students to the bus station that's closest to their homes.

ORGANIZATIONAL STRUCTURE

The staff will be comprised of people who have acquired proper licenses for taking care and providing education to children and students, therefore upholding all of the standards a high-quality, modern and a professional child care and education center would have.

ABC's organizational structure will follow a traditional top-down scheme, with the President on the top, followed by the program director, the head teachers, the assistant teachers, the life skill activity teachers, and lastly the nurse.



1. **The president** of ABC, XYZ's responsibilities will include, but are not limited to, conferring with parents regarding facility activities, policies and enrollment procedures, she will recommend methods of modifying inappropriate behavior and encouraging learning experiences. Most importantly she will provide emotional and developmental support for the children. Furthermore, Ms. XYZ will maintain all business records and activities of business.

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2. **The program director** will be responsible for setting the tone for the facility, managing the curriculum, overseeing physical facilities, hiring staff and managing the overall image of the center. He/She will frequently also ensure compliance with all local and federal laws governing child care, both in regard to the physical environment and the staff, and manage the financial affairs of the child care center.

3. **The head teacher** will oversee day-to-day operations of the classroom; including maintaining a harmonious and efficient work environment, ensuring breaks are taken at appropriate times, the daily schedule is followed, etc. Moreover, he/she will take the lead with classroom Curriculum – Planning, Implementation, and Evaluation, making sure that lesson plans, curriculum plans, supply requests, etc., are completed on time.

4. **The assistant teachers** in ABC will work with children to provide a safe and nurturing environment for social and academic growth. They will provide supervision, discipline and other forms of general care, in addition to helping with instruction and clerical work. Maintaining the health and well-being of the children under their supervision is another key responsibility of the assistant teachers. This can take the form of cleaning, dealing with minor injuries and so on.

5. **The nurse** will be responsible for providing an onsite assessment of a sick or injured child's needs. That information will then be relayed to the appropriate primary health care provider or emergency room -- as well as to the parents. He/She tracks each child's medical records while they are enrolled. The nurse also maintains records of each child's physical development. Another important responsibility of the nurse is providing training to the center's staff on things such as sanitary diaper changing and proper hand washing procedures.

6. **ABC Activity Teachers.** These will be the teachers specializing in each unique activity ABC will offer (money management, photography and their development, dishwashing, laundry, etc.). They will plan, organize, implement and record each child's progression during these actives, which will be relayed to the child's respective parents/guardians afterward.

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SWOT AND RISK MANAGEMENT

The following analysis' goals are the establishment of the strengths and weaknesses of the business venture. It will also showcase the potential threats and opportunities. The aspects that influence the well-being of the business come from the business' external and internal environment. With the knowledge garnered from the analysis, the business will be able to guide itself through the uncertainties and potential threats with greater ease and have a clear focus on achieving the goals.

STRENGTHS

ABC's strengths are its resources and capabilities that can be used as a basis for developing competitive advantages.

These are the business' perceived strengths:

- Providing child care in a high-demand environment to children at least six weeks old.
- Providing students a way to receive scholarships towards college if they stay in the public school system.
- Providing useful skills to children used in everyday lives.
- Government financial support.
- The president is well versed in child education and how to properly deliver the knowledge and tools to children and students, which will positively impact their lives.

OPPORTUNITIES

The external environmental analysis may reveal specific new opportunities for profit and growth.

These are a couple of the opportunities that ABC will focus on:

- Vast, untapped market.
- Unique learning programs and curricula.

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- More accessible tuition fees, based on the sliding scale model, which will potentially bring in more clients.
- Partnerships with recreational places in the community, where the children could go and visit important and popular landmarks.

Strengths	**Weaknesses**
• Providing care and education to children at least 6 weeks old • Potential scholarships towards college • Providing useful "every day" skills to children • Governmental support • The President has previous knowledge in the child education sector	• Start-up costs can be exorbitant • Poor brand awareness or visibility among target populace • Low online media presence and recognition
Opportunities	**Threats**
• High demand for this kind of service • Unique educational programs and curricula. • Family-friendly tuition fees • Partnerships with other business, agencies, manufacturers etc.	• Obtaining the necessary licenses • Not running the business profitably • An ill child spreading the disease to the other children • Presence of established competitors in the vicinity • Shortage of adequate support staff

RISK ANALYSIS

Risk analysis is the systematic study of uncertainties and risks that are encountered in business, public policy, and many other areas. Risk analysis seeks to identify the risks faced by an institution or a business, understand how and when they emerge and estimate the impact (financial or otherwise) of adverse outcomes.

The purpose of the risk management section is to look at the weaknesses and threats of the business more closely, view and assess the risk of failure, as well as provide viable solutions on how to avoid them, if possible.

The probability of the "risk" occurring, will be rated on a scale to 5, with 1 being the lowest and 5 the highest rank. The "risk" impact on the business will be rated in the same manner. When the risk probability and impact values are multiplied, a total risk value is gained. The overall risk value presents the intensity of the risk it has on the business, where 25 is the highest and 1 is the lowest value.

Risk	Probability	Impact	Total	Action
High start-up costs	**4**	**3**	**12**	**Risk Mitigation** Careful finance planning is imperative, looking into potential bank loan or grants is a viable alternative, if the need arises.
Poor brand awareness or visibility among target populace	**5**	**4**	**20**	**Risk Mitigation** Mitigating this weakness is possible by providing strong business services and aggressive brand promotion.
Low online media presence and recognition	**2**	**3**	**6**	**Risk Mitigation** Hiring freelancers, or specialized agencies which will improve the business' SEO (Search Engine Optimization) rankings, draw in more likes and followers via a variety of online marketing strategies.
Obtaining the necessary licenses	**2**	**5**	**10**	**Risk Mitigation** The business cannot start its operations without proper licensing. Therefore all paperwork and preparations should be prepared beforehand to avoid potential setbacks and complications.
Not running the business profitably	**2**	**5**	**10**	**Risk Mitigation** Future partnerships with other business entities lessen the financial responsibilities of the center, by offering free trips, products,

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				donations etc.
An ill child spreading the disease to the other children	**3**	**3**	**9**	**Risk Mitigation** The staff should be educated and trained beforehand and well prepared to identify a child that has health issues and take proper measures in neutralize the situation and prevent an epidemic.
Presence of established competitors in the vicinity	**4**	**3**	**12**	**Risk Mitigation** Learning form the best practices the competitors employ, offering quality and unique services to the community, offering affordable tuition pricing, are a couple of ways to remain competitive.
Shortage of adequate support staff	**2**	**4**	**8**	**Risk Mitigation** Offer attractive benefits for the high quality staff members. Develop a "tandem system" where the high quality staff members teach the regular staff members how to improve their work and increase their child care performance.

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FINANCIAL PLAN

The financial plan is a comprehensive evaluation of a company's current and future financial health by using currently known variables to predict future cash flows, asset values, and withdrawal plans. These metrics are used along with estimates of asset growth to determine if an entity's financial goals can be met in the future, or what steps need to be taken to ensure that they are. In the section below, the financials for ABC will be presented, along with the assumptions which were used create f this financial model. The projections, include calculations for the first three years of the business' operations.

ASSUMPTIONS

1. We assumed that the school year will last ten months, as it was stated in LeilaDay's sliding scale tuition model, therefore the tuition was calculated based on ten working months.
2. It was assumed that a total of hundred and five children will occupy the center, per month during the first year, starting August, where thirty-five children would pay their tuition based on the "low annual income family" sliding scale model, thirty-five would pay the "median income family" tuition and the last thirty-five children would be paying the "high annual income family" tuition. It was assumed that during the second year of operations (2019), ABC will operate at its maximum capacity, educate and care for hundred and fifty children, monthly, fifty of each family income group. The revenue stream was calculated this way because the prices for the services and how many children per month would enroll in those programs, weren't specified.
3. We made assumptions on the number of staff members responsible for the direct care and provision of the center's main services.
4. The **Teacher**'s salary was taken from here and divided by twelve, in order to gain the monthly salary, which equated to $2,860. It was assumed that there would be two Teachers employed during the first year. In the second school year, this number will rise to four teachers.
5. The **RN Nurse**'s salary amassed to $76,000 per year, since we needed the monthly salary it was divided by twelve and equated to around $6,333. It was assumed that there will be one Nurse employed.

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6. The **Assistant Teachers**' salary amassed to $30,000, since we needed the monthly salary it was divided by twelve and equated to around $2,500. It was assumed that there will be two Assistant Teachers. In the second school yearn this number will double.
7. We assumed that there would be two **ABC Activity Teachers** in the first year of operations, with an hourly salary of $30, and would be working 6 hours a day for four weeks each month. Their salary amassed $1,440 per month. Once the second school year starts, we will hire an additional Life Skills Teacher.
8. We assumed that in the first year of operations, the business would procure hundred and five **ABC Activities Kits**, each costing $10. We assumed that in the second and third year of operations, ABC would procure a total of 150 **Life Skill Activities Kit**s in each year at the same price.
9. The yearly salary of the **Head Teacher** will amass $61,000, once broken down to a monthly level, it will equate to $5,083. We assumed there will be one Head Teacher.
10. The yearly salary of the **Program Director** will amass $75,000. On a monthly basis it will be $6,250. It was assumed that there will be one **Program Director**.
11. The **President** will receive a yearly salary of $100,000, or around $8,333 on a monthly basis.
12. According to the Statutes and Regulations for Child Care Centers and Group Child Care Homes in the state of Connecticut, the second page emphasizes that the facility will provide 35 square feet per child of total indoor space. By that logic, we multiplied the maximum capacity the center can provide, 150 children with 35 square feet and got the necessary square feet for the establishment, which is 5,250 square feet. According to similarly sized properties for rent in New Haven (with 5,000 square feet or more available space) which can be viewed here, here, here and here, we assumed that the average price for square feet is around $6.12 per year. Therefore, 5,250 square feet multiplied by $6.12 equates to $32,130 yearly rent for the childcare center. The monthly rent is around $2,678 ($32,130/12).
13. Due to the specific usage of utilities, classroom supplies, Life Skills materials and unspecified expenses for marketing and insurance, we made rough assumptions with these figures.

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14. For the investment items, we used the depreciation period (per months) available here.
    a. It was assumed that the center will have five stoves which will cost around $300. This equates to $1,500 investment in stoves.
    b. It was also assumed that the child care center will have ten sewing machines, each costing around $159.That makes a $1,590 investment in sewing machines.
    c. The center will be furnished with a furniture investment of around $1,000.
    d. It was assumed that the center will have thirteen children cubbies, which will cost around $160 a piece. The investment for the cubbies amasses $2,080.
    e. We also assumed that there would be ten bookcases, each costing around $30 a piece. That makes for an investment of $300.
    f. The educational center's library will be filled with around eighty books, each costing around $5.
    g. Since the center will have a plethora of rooms for various activities, each room will have a clock, therefore we calculated ten clocks with shared cost of $10 per piece. This equates to $100 clock investment.
15. It was assumed that during the months of June and July (summer break) the center will receive no children and students in the regular curricula, program and life skills activities, instead ABC will organize summer camps, each costing around $3,000.
16. It was assumed that the tax in the state of Connecticut is 6.35%.
17. Lastly, we assumed that the business will have initial funding of $10,000.
18. It was assumed that there will be no summer camp during the first year (2018) of operating the center. The following two years will have campers in the months of July and August.

- **2019**

a) In July 2019, we assumed that there will be 15 children from low-income families, which would pay a total of $225 for the summer camp; then there would be 12 children attending camp from families with median income, which would pay $1,385 for the summer camp; lastly, we assumed that in July 2019

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there would be 9 children from high-income families, which would pay $1,919 for the summer camp.

b) In August 2019, we assumed that there would be 10 children attending camp from low-income families, which would pay $225 for the camp. Then there would be 13 children from median income families, paying $1,385 for the summer camp. Lastly, it was assumed that there would be 17 children with high-income parents, which would pay $1,919 for the summer camp.

c) Adding the revenues together from the two months of summer camp in the year of 2019, they account for a total of $213,659 in revenues.

- **2020**

a) In July 2020, we assumed that there will be 20 children from low-income families, which would pay a total of $225 for the summer camp; then there would be 18 children attending camp from families with median income, which would pay $1,385 for the summer camp; lastly, we assumed that in July 2020 there would be 19 children from high-income families, which would pay $1,919 for the summer camp.

b) In August 2020, we assumed that there would be 15 children attending camp from low-income families, which would pay $225 for the camp. Then there would be 18 children from median income families, paying $1,385 for the summer camp. Lastly, it was assumed that there would be 20 children with high-income parents, which would pay $1,919 for the summer camp.

c) Adding the revenues together from the two months of summer camp in the year of 2020, they account for a total of $309,026 in revenues.

START UP COST ESTIMATES

According to a 2017 article posted on bizfluent's website, the costs for starting up a daycare business are split into a couple of categories of expenses. Those categories are:

- Facility – Fundamentals for each childcare business are facilities with bathrooms, laundry hookups and a kitchen which can cost from a few hundred dollars a month to a few thousand dollars a month. The first and last month's lease payment plus a security deposit could be required.

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- Equipment - Cribs and changing tables are required. Cots and blankets for nap time will be needed. Children have accidents so bathing equipment will be needed too. Age appropriate toys will have to be obtained. Cleaning and sanitizing equipment such as a vacuum, floor cleaner, washer, dryer, and disinfectants are required. The equipment can cost upward of $10,000 depending on the size of the facility.
- Licensing- In most cases, obtaining a business license will be required, which could cost up to $500, depending on the city and state. Licensing and inspection fees may be required if the business is taking care of babies and/or more children.
- Insurance – In the case of leasing a facility, the owner may require certain insurance. Liability insurance is necessary in case a child, their parent or one of the employees becomes hurt on the property. The cost of the insurance depends on the coverage provided, how large the facility, location, number of employees and number of children and their ages. According to FitSmallBusienss, annual premiums for larger daycare centers can average $1,000 to $2,000 because they require a business owner's policy, abuse and molestation coverage, workers' compensation, and possibly commercial vehicle and umbrella insurance.
- Marketing – Making the business known is a key to attracting new clients, and making the childcare center known in the community. Marketing endeavors from simply flyers, to glossy brochures can cost from $10 to $5,000 for a professionally designed and written brochure.
- Wages - Different states have different requirements for the adult-child ratio for daycare. It depends on the age of the children. Included in the wages should be Social Security payments, unemployment taxes and the cost of a background check on the childcare worker.

Another source, Startup Jungle has a more detailed approach to listing the start-up expenses:

- Legal: $1,000
- Brochures: $350
- Stationary: $100

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- Medicine Kits: $100
- Cleaning Supplies: $100
- Art Supplies: $150
- Kitchen Supplies: $200
- Mats and Pillows: $150

Total: $2,150

INCOME STATEMENT

The Income Statement (or Profit & Loss Statement) is the financial statement that reports the company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities (direct and indirect costs). It also shows the net profit or loss incurred over a specific accounting period.

Profit & Loss Statement

	1st year	2nd year	3rd year
Total Revenues	**617,575**	**1,487,474**	**1,897,076**
Direct cost:			
Cost per service provided	110,165	351,876	524,076
Life Skill Activities Kits	10,500	15,000	15,000
Total Direct Costs	**120,665**	**366,876**	**539,076**
Gross Profit	**496,910**	**1,120,598**	**1,358,000**
% of Revenues	80.5%	75.3%	71.6%
Indirect cost:			
Salaries	98,330	235,992	235,992
Rent	13,388	32,130	32,130
Utilities	3,500	8,400	8,400
Marketing Expenses	10,000	24,000	24,000
Classroom Supplies	2,500	6,000	6,000
Life Skills Materials	1,750	4,200	4,200
Insurance	5,000	12,000	12,000
Total Overheads	**134,468**	**322,722**	**322,722**
Earnings before Interest, Tax and Depreciation (EBITDA)	**362,443**	**797,876**	**1,035,278**
% of Revenues	*58.7%*	*53.6%*	*54.6%*
Interest Expenses	0	0	0
Earnings Before Tax (EBT)	**362,443**	**797,876**	**1,035,278**
Less: Corporate Tax	21,869	51,562	67,699

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Net Profit	**340,574**	**746,314**	**967,579**
% of Revenues	***55.1%***	***50.2%***	***51.0%***
Cumulative profit	**340,574**	**1,086,888**	**2,054,467**

ABC's profit and loss statement indicate that the business will have Total Revenues of $617,575 in the first year of operations and $1,487,474 in the second and $1,897,076 in the third year.

The business' Total Direct Costs will amass $120,665 in the first year and $366,876 in the second year, and $539,076 in the third year of operations.

The total Indirect (Overhead) Costs will equate to $134,468 in the first operating year of the business, and $322,722 in both consequential years.

ABC will make Earnings before Interest, Tax and Depreciation (EBITDA) of about $362,443 in the first year, $797,876 in second and $1,035,278 in the third year of operations.

The business' Cumulative profits are estimated to reach $340,574 in the first year of operations, $1,086,888 in the second, and $2,054,467 in the third projected year.

CASH FLOW

The Cash Flow details the amount of cash and cash equivalents are entering and leaving a company. The Cash Flow also allows investors to understand how a company's operations are running, where its money is coming from, and how it is being spent.

Cash Flow Statement

	1st year	2nd year	3rd year
Net Income	322,524	693,623	916,102
Depreciation	18,049	52,691	51,478
Cash Flow from Operating Activities	**340,574**	**746,314**	**967,579**
Sale of investments	0	0	0
Investment	6,970	0	0
Cash Flow from Investing Activities	**6,970**	**0**	**0**
Bank Overdraft	0	0	0
Loan Principle	0	0	0
Paid-in Capital	0	0	0

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Cash Flow from Financing Activities	**0**	**0**	**0**
Net Cash Flow	**347,544**	**746,314**	**967,579**
Add: Beg, Cash	10,000	357,544	1,103,858
End, Cash	***357,544***	***1,103,858***	***2,071,437***

ABC's cash flow statement is showcasing that the Cash Flow from Operating Activities for the first projected year will equate to $340,574, $746,314 for the second, and $967,579 for the third year.

The Cash Flow from Investing Activities will equate to $6,970, since the investments will be made in the first year, with the purpose to fully equip and make the center functional.

The business' Net Cash Flow will amass $347,544 in the first year of operations, $746,314 in the second, and $967,579 in the third year.

BREAK-EVEN ANALYSIS

The break-even analysis will showcase the exact number of children that should be enrolled in ABC's education and childcare center, in order to achieve a net income of zero, and cover all total fixed costs.

Break-Even Analysis			
	1st year	**2nd year**	**3rd year**
Expected number of children attending ABC curricula	105	150	150
Average revenue per unit (ARPU)	5881.67	9916.49	12647.17
Total Revenues	**617,575**	**1,487,474**	**1,897,076**
Variable Costs:			
Variable Costs for services provided	99,665	333,876	506,076
Variable Costs for Life Skill Activities Kits	10,500	15,000	15,000
Variable Cost for organizing summer camp	0	3,000	3,000
Total Variable Costs	**110,165**	**351,876**	**524,076**
Variable cost per unit	**1,049.19**	**2,345.84**	**3,493.84**
Fixed Costs:			
Salaries	98,330	235,992	235,992
Rent	13,388	32,130	32,130
Utilities	3,500	8,400	8,400
Marketing Expenses	10,000	24,000	24,000
Classroom Supplies	2,500	6,000	6,000

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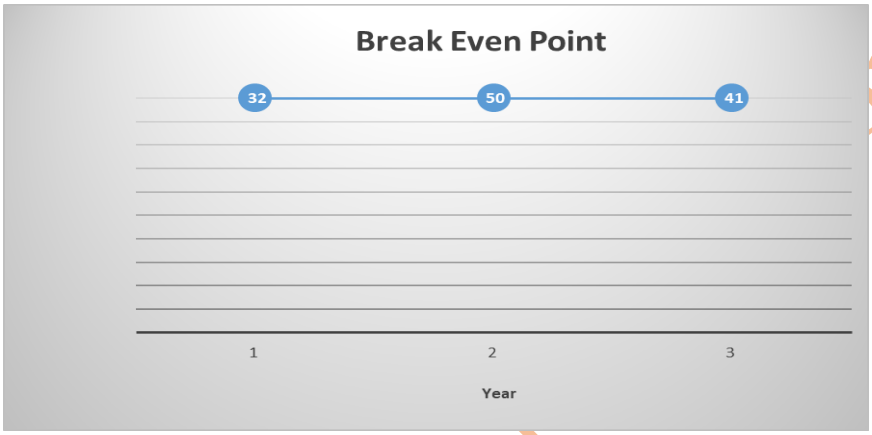
Life Skills Materials	1,750	4,200	4,200
Insurance	5,000	12,000	12,000
Depreciation	18,049	52,691	51,478
Total Fixed Costs	**152,517**	**375,413**	**374,200**
Break-Even Point	**32**	**50**	**41**



The break-even analysis is showcasing that in the first year of operations, ABC will have to enroll a total of 32 children to cover the total fixed costs for the year, which equate to $152,517. In the second year, the center will have to educate and provide care to at least 50 children, covering the total fixed cost for that year, amassing to $375,413. In the third projected year, the total fixed costs will reach $374,200, therefore ABC will have to enroll around 41 children in the curricula.

BASIC BUILD-OUT, PROJECTED COSTS

Information gathered from ProMatcher – Home Construction states that generally a square foot of basic construction costs around $150 in New Haven, Connecticut. Since the bare minimum of square feet space required for accommodating a child in the center is 35 square feet (see page 2 Statutes and Regulations for Child Care Centers and Group Child Care Homes) the maximum number of children the center will have is 150, and by that logic, we multiplied $150 with the result of the estimated square feet space necessary to accommodate 150 children (150x35=5,250 square feet), and we get $150x5,250 square feet, which equates to $787,500. This means that build-out costs for a 5,250 square feet facility would cost the business around $787,500.

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