



January 2001

This sample business plan has been made available to users of *Business Plan Pro™*, business planning software published by Palo Alto Software. Names **and** locations may have **been changed and the specific financial tables and charts** have been omitted from the original plan to preserve confidentiality and proprietary information. **This is a text only presentation.**

You are welcome to use this plan as a starting point to create your own, but you do not have permission to reproduce, publish, distribute or even copy this plan as it exists here.

Requests for reprints, academic use, and other dissemination of this sample plan should be emailed to the marketing department of Palo Alto Software at marketing@paloalto.com. For product information visit our Website: www.paloalto.com or call: 1-800-229-7526.

Copyright Palo Alto Software, Inc., 1995-2002

Confidentiality Agreement

The undersigned reader acknowledges that the information provided by _____ in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of _____.

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader, may cause serious harm or damage to _____.

Upon request, this document is to be immediately returned to _____.

Signature

Name (typed or printed)

Date

This is a business plan. It does not imply an offering of securities.

Table of Contents

1.0	Executive Summary	1
1.1	Mission	1
1.2	Keys to Success	1
2.0	Company Summary	1
2.1	Company Ownership	2
2.2	Start-up Summary	2
3.0	Services	2
3.1	Company Locations and Facilities	2
4.0	Market Analysis Summary	3
4.1	Market Segmentation	3
4.2	Target Market Segment Strategy	4
4.2.1	Market Needs	4
4.3	Service Business Analysis	5
4.3.1	Competition and Buying Patterns	5
5.0	Strategy and Implementation Summary	5
5.1	Competitive Edge	5
5.2	Sales Strategy	6
5.2.1	Sales Forecast	6
6.0	Management Summary	6
6.1	Personnel Plan	6
7.0	Financial Plan	7
7.1	Break-even Analysis	8
7.2	Projected Profit and Loss	9
7.3	Projected Cash Flow	10
7.4	Projected Balance Sheet	11

Safe Kids Child Care

1.0 Executive Summary

Safe Kids Child Care is a mid-sized child care facility that has been in existence for one year. Since opening, the company has experienced significant growth of its regular child care clients. A large local population of working couples has fueled this significant growth. Safe Kids Child Care has taken all steps necessary to procure proper licensing and certifications. It was the goal of management to build a positive reputation of a safe and secure establishment.

1.1 Mission

Safe Kids Child Care aims to offer safe and secure child care at all times. Close personal attention to each child is essential to providing a quality experience for all children; therefore, adequate personnel will be hired to ensure each child has the proper supervision will in our care.

1.2 Keys to Success

Keys to success for the company will include:

1. Maintaining a reputable and untarnished reputation in the community.
2. Quality care.
3. Competitive pricing.
4. Flexible hours.

2.0 Company Summary

Safe Kids Child Care is a start-up managed by two partners. Both have extensive experience in the child care industry, and have maintained excellent reputations in this same industry. In addition, these two partners are capable of handling the sales/management and finance/administration areas, respectively.

Safe Kids Child Care

2.1 Company Ownership

This business will start out as a simple proprietorship, owned by its founders. As the operation grows, the owners will consider re-registering as a limited liability company or as a corporation, whichever will better suit the future business needs.

2.2 Start-up Summary

The company founders, Ms. Child and Ms. Freelander, will handle day-to-day operations of the business and will work collaboratively to ensure that this business venture is a success.

It is estimated that the start-up costs will be \$3,000 (including legal costs, advertising, and related expenses). An additional amount of \$128,000 will be required as start-up assets. The start-up costs are to be financed in equal portions by the owners' personal funds and by a \$75,000 10-year loan.

3.0 Services

Safe Kids Child Care offers child care services for ages from 3-month infants to 6 years old. Hours of operation are from 6:30 A.M. to 7:30 P.M., Monday through Friday.

3.1 Company Locations and Facilities

Safe Kids Child Care will base its' operations in Lynn, Massachusetts, a suburb of Boston. The facility will originally consist of a 1,300 sq. ft. house in a quiet, residential neighborhood. The yard will be fully fenced in, to ensure no one can either come in or wander away. The yard will be furnished with safe, entertaining toys, as well as a sandbox.

The house will be used for rainy-day activities and the serving and preparation of meals. The house will also contain toys, games, and books for the entertainment of the children.

Safe Kids Child Care

4.0 Market Analysis Summary

Safe Kids Child Care is a business that has become necessary in today's fast-paced world. There are an increasing amount of families who have become dependent on two incomes, which has created the necessity of the child care industry. Indeed, it has. There are over 300 facilities in the area that provide similar services to Safe Kids Child Care, each of these has a large client base, and a lucrative business. There is no doubt that there is room in the market for a high-quality child care facility.

4.1 Market Segmentation

Safe Kids Child Care has a focus on meeting the local need for child care services within the 10-mile radius of Lynn. Children are taken in flexibly on either a full-time or part-time basis.

Full-Time Working Couples

The company wants to establish a significantly large full-time regular client base in order to establish a healthy, consistent revenue base to ensure stability of the business. Customer relations are extremely important, as it is imperative to keep the parents pleased in order to keep their children in the daycare center.

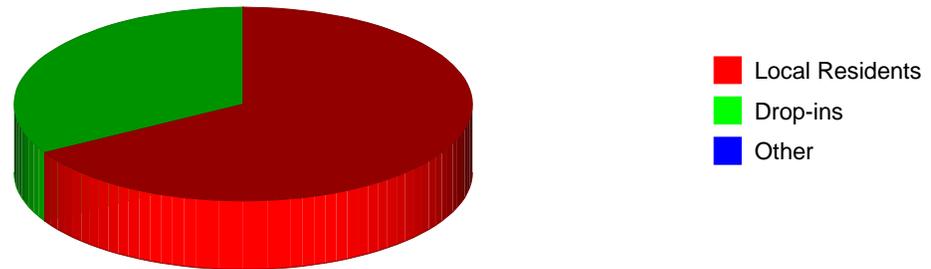
Part-Time Workers / Drop-Ins

Part-time workers and drop-ins comprise approximately 20% of revenues. While this market is not the primary focus, sufficient flexibility to handle this secondary market is important to producing supplemental revenues.

Table: Market Analysis

Market Analysis	Growth	2001	2002	2003	2004	2005	CAGR
Potential Customers							
Local Residents	25%	100	125	156	195	244	24.98%
Drop-ins	20%	50	60	72	86	103	19.80%
Other	0%	0	0	0	0	0	0.00%
Total	23.33%	150	185	228	281	347	23.33%

Market Analysis (Pie)



4.2 Target Market Segment Strategy

The target market for Safe Kids Child Care is full-time working couples. Referral marketing is the key type of marketing strategy utilized. Maintaining and further enhancing its reputation in the community is crucial to gaining additional market share of this target market.

4.2.1 Market Needs

With inflation continuing to increase every year, it has become necessary for more families to rely on two incomes to survive. In turn, this increases the demand for child care facilities. We do not foresee this trend turning in the near future, and intend to capture a share of this market.

4.3 Service Business Analysis

The child care business is lucrative, as mentioned before. As a result, there are many centers that provide quality care for children in the same area as Safe Kids. The child care industry is split between large, commercially-run centers and smaller, locally-owned centers. Safe Kids will compete with the small care centers, this is where the main competition lies. The company is confident that this will be a successful venture because of the quality of its managers and the capability of its Care Staff, which is mentioned in more detail in the Personnel section.

4.3.1 Competition and Buying Patterns

There are over 300 child care providers in the local area. The larger commercial chain child care centers, such as KinderCare, have a majority of the market share. These larger chains compete well because of a good reputation among the consumer market. Safe Kids Child Care offers a lower staff to child ratio, which is appealing to most parents. Additionally, the company maintains child care fee levels that are 5-10% below the average of that of the large commercial chain child care fees.

5.0 Strategy and Implementation Summary

Safe Kids Child Care will succeed by offering its clients' children a safe and secure care environment, and close personal attention. The goals of the center are dual-sided: to help parents feel good about the care of their children, and to make it a safe, educational, and fun experience for the child.

5.1 Competitive Edge

Child care competitive edge is the facility's efforts in obtaining all appropriate licensing and certifications. Additionally, thorough pre-hire background screenings are performed on all individuals before hired for employment.

Safe Kids Child Care

5.2 Sales Strategy

Safe Kids Child Care will make a significant profit through the excellent care of children. Even though Safe Kids charges less, the company will see profit within the first year due to beneficial word-of-mouth advertising. The company expects to double its' clientele every six months, for the first 18 months.

5.2.1 Sales Forecast

As the following table shows, the company plans to deliver sales of approximately \$369,000 in the first year, \$445,000 in the second year, and \$536,000 in the third year plan implementation.

6.0 Management Summary

The two principals, Ms. Child and Ms. Freelander, have impeccable credentials in this industry. This will benefit Safe Kids Child Care in two ways:

1. Clients will be brought from previous employers, and
2. The experience each has will attract new clients.

Andrea B. Child has extensive experience in sales, marketing, and management within the child care industry. Danielle E. Freelander has extensive experience in the area of finance and administration, also in the child care sector.

6.1 Personnel Plan

As the Personnel Plan shows, the company expects to make gradual investments in care personnel over the next three years, always keeping in mind the number of children in need of care at the center.

Table: Personnel (Planned)

Personnel Plan	2002	2003	2004
Manager	\$42,000	\$45,000	\$50,000
Care Staff	\$174,000	\$179,000	\$190,000
Other	\$0	\$0	\$0
Total Payroll	\$216,000	\$224,000	\$240,000
Total People	10	12	13
Payroll Burden	\$32,400	\$33,600	\$36,000
Total Payroll Expenditures	\$248,400	\$257,600	\$276,000

7.0 Financial Plan

Safe Kids Child Care expects to raise \$75,000 as its own capital, and to borrow \$75,000 guaranteed from the SBA as a 10-year loan. This provides the bulk of the current financing required.

7.1 Break-even Analysis

The Break-even Analysis is based on the average of the first-year figures for total sales by units, and by operating expenses. These are presented as per-unit revenue, per-unit cost, and fixed costs. These conservative assumptions make for a more accurate estimate of real risk.

7.2 Projected Profit and Loss

As the Profit and Loss table shows, the company expects to continue its steady growth in profitability over the next three years of operations.

7.3 Projected Cash Flow

The cash flow projection shows that provisions for ongoing expenses are adequate to meet the needs of the company as the business generates sufficient cash flow to support operations.

7.4 Projected Balance Sheet

The following table presents the Balance Sheet for Safe Kids Child Care.

Appendix

Appendix Table: Personnel (Planned)

Personnel Plan	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Manager	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Care Staff	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500	\$14,500
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Payroll	\$18,000											
Total People	3	3	3	4	4	6	6	6	8	8	8	10
Payroll Burden	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700	\$2,700
Total Payroll Expenditures	\$20,700											