

UNIVERSITY OF NIGERIA, NSUKKA.
FACULTY OF THE SOCIAL SCIENCES
DEPARTMENT OF PUBLIC ADMINISTRATION AND LOCAL
GOVERNMENT

TOPIC:
BUSINESS PLAN ON DAY CARE/PRIMARY SCHOOL

A BUSINESS PLAN
PREPARED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS OF THE COURSE CEDR 342
(BUSINESS DEVELOPMENT)

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2014/196462

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PART 1

1.0 EXECUTIVE SUMMARY

The following report and recommendation relate to the proposal by Brighter Kid Academy Day Care/Primary School to provide a world class educational system to a developing community.

This proposed project is to be fully implemented with an investment of N2,456,000 made up N1,200,000 fixed capitals and N1,256,000 as working capital.

The school's vision aim is to prepare its pupils to excel as young leaders of tomorrow by combining an exclusive collegiate-based curriculum tailored specifically for children with enhances first class child care services.

The proposed project will be located in Enugu state because of its growing population density, business activities and rising standard of education.

Our competitive edges which are: price, service, certification and reputation, are critical success factors in the child care services industry, Brighter Kids Academy Care/Primary school.

Will compete well in our market by offering competitive prices, high quality child care services and leading-edge educational programs with certified college education instructor and by maintaining excellent reputation with parents and the continuity we serve.

The profitability indicators as extracted from the projections embodied in this business plan are as follows:

Table 1: Financial summary

Item	Year 0	Year 1	Year 2	Year 3
Amount invested	N2,456,000	N2,456,000		
Operating cost	N1,256,000	N1,256,000	N1,319,800	N1,386,000
Return on investment	N828,000	N828,000	N1,242,000	N1,877,000
Net profit	-N428,000	N428,000	N77,800	N490,110

From the point of view of the analysis of our finding, the proposed project is founded to be technically feasible, financially viable and economically desirable. The project offers good investment benefits. We therefore highly recommend the project for funding and implementation.

PART II

2.0 VISION AND MISSION STATEMENT

Brighter Kids Academy Day Care/Primary School 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 that each child in our care has the proper and adequate supervision.

2.1 KEY SUCCESS FACTOR

Key success factor that will give the company an edge over rivals includes:

- Maintaining a reputable and untarnished reputation in the community.
- Quality care
- Competitive pricing
- Flexible working hours

2.2 INHERENT RISKS

The risks this project is opened to include:

The educational industry as a whole is saturated. However, based on census of 2006, the community is growing and has a few licensed child care facilities. Thus, Brighter Kids Academy Day/Care/Primary School intends to fill this local market needs.

There are only two other child care facilities in the neighborhood. One is in the immediate area, a church based facility and the other is 2 miles away, a facility hosted by a local academy. There are also three family childcare giver listed in the area, but none in the immediate community. Brighter Kids Academy Day Care Primary School will differentiate itself from it local competitors by offering an alternative to these traditional approaches.

Brighter Kids Academy Day Care Primary School market strategy is based on providing an actively based learning environment that is used in many major colleges, universities and vocational centers around the nation. We will offer a community of professional teachers with the credential to not only enhance a child's early social and motor skills, but to also teach them advanced studies in the arts and sciences found at institutions of high learning.

2.3 COMPANY OWNERSHIP

Brighter Kids Academy Day Care Primary School is owned by partners.

2.4 LOCATION AND PREMISES

The facility will originally consist of a 1,300 sq. ft. housed in a quiet, residential neighborhood. The yard will be fully fenced to ensure no one can either come in unknowingly or wanders away. The yard will be furnished with safe entertaining toys, as well as sandbox.

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

2.5 REVENUE BASE

The major sources of revenue to the project will be:

- Fees from full-time pupils
- Fees from Part-Time/After school care including drop-off and pick-up
- Fees from after school tutoring
- Fees from drop-in care

This model will provide a strong profitability as the business expands.

2.6 PERSONNEL

All of our learning and child care services employ technology, partnership, professional services and other activities that support and promote higher learning.

2.7 PROSPECTIVE CLIENTELE

Full-Time Working Couples

Our daycare will establish a significantly large, full-time, regular client base in order to establish a healthy, consistent revenue base which will ensure stability of the business. Customer and community relations are extremely important as it is imperative to keep the parents pleased in order to keep their children in the college.

Part Time Workers/Drop In

Part-time workers and drop-in from the fitness center and local businesses will comprise less than 1% of the revenue. While this market is not a primary focus, sufficient flexibility to handle this market is important to the local “word-of-mouth” marketing strategy.

PART III

3.0 SERVICES

Since the market is quite competitive, Brighter Kids Academy Day Care Primary School will employ two strategies to differentiate itself.

First is the pricing structure where its services will be priced at 5% less than the larger run facilities.

The second differentiating effort will be benchmarked toward a quality and efficient customer service. A customer-center philosophy will be infused within the entire organization.

Brighter Kids Academy Day Care Primary School will spend extra money to attract and train the best employees. This is essentially important because, it is the employees who interact with both the children and the parents that will have the best chance to impress them enough to turn them into loyal customers as well as, to be vocal in telling their friends about their positive childcare experience.

3.1 SERVICES DESCRIPTION

Upon opening Brighter Kids Academy Day Care/Primary School will offer the following four basic services to the community:

- Full-time child daycare
- Part-time/after school care (including drop-off and pick-up)
- Drop-in care

Prior to opening, the school will have a two month enrollment drive. Based on the market reaction to the drive, these services may be altered to meet the needs of the community. The school will always remain nimble enough to respond to the needs of the community which it serves.

3.2 JOB COSTING

The school will respond to the needs of its parents and pupils will excellent care-giving instructions, an advances curriculum, flexible programs, local community involvement and business partnership.

3.3 MARKET DEMAND

From our findings, there is an increased demand in quality education based on the fast growth of the population around the zone and sporadic growth of families and better job opportunities that engage them.

3.4 COMPETITIVE EDGE

Brighter Kids Academy Day Care/Primary School competitive edge is the facility's effort in obtaining all appropriate licensing and certifications. Additionally, thorough pre-hire background screenings are performed on individuals before hired for employment.

3.5 TECHNOLOGY

Since the school founders have an extensive information technological background, it is only natural that Brighter Kids Academy Day Care/Primary School will employ and maintain the latest technology to enhance its curriculum, office management systems, payment processing and record keeping.

3.6 QUALITY ASSURANCE

To render quality and excellent service second to none, is intentionally part of our commitment to our customers, by keeping the doors open in case any of our products does not meet standard. To attain this we will ensure that every pupil we produce will represent our values.

PART IV

4.0 MARKET ANALYSIS AND SUMMARY

Brighter Kids Academy Day Care/Primary School offers services which are vitally important in today's fast paced, dual-income world. As an increasing number of families have become independent on two incomes, the need for quality childcare has skyrocketed.

4.1 MARKET SEGMENTATION

Brighter Kids Academy Day Care/Primary School has a focus on meeting the local community need for children's education in Enugu metropolitan area full-time working couples.

4.2 AFTER SCHOOL CARE

Another large segment of the college school's business will be in the after school care market. This client base will provide a higher profit for the school since instructor-to-pupil ratios are higher, and the pupils require more educational services which are the primary focus of the school.

By offering tutoring and advanced studies in technology, theatre, arts and sciences, the school will attract these profitable business clients producing significant supplemental revenues.

4.3 PART-TIME WORKERS/DROP-IN

Part-time workers and drop-in from the fitness center and local businesses will comprise less than 1% of the revenues. While this market is not a primary focus, sufficient flexibility to handle this market is important to the local “word-of-mouth” marketing strategy.

4.4 MARKET NEEDS AND CLIENT DYNAMICS

Brighter Kids Academy Day Care/Primary School will continuously research and carry out ongoing survey to study our market environment, better customer services and competitors strategies to ensure our robustness in the sector.

4.5 SERVICE SUPPLY ANALYSIS

Brighter Kids Academy Day Care/Primary School is in the childcare service industry which includes several models:

- Licensed child care facilities: business facilities that offer child daycare services
- Family child care homes: individual that offer childcare services in their homes.
- Specific interest based programs: business that offers specialized instruction such as gymnastics, martial arts and athletics.

The key players in the organized market include:

Government

Individuals (private business owners)

PART V

5.0 MARKETING PLAN

Marketing in the education sector depends largely on reputation and referral. Brighter Kids Academy Day Care/Primary School will start within our community bolstered by our involved commitment to those we serve. We are projecting based on the following reasons:

- A large customer base cannot be tied to just one supplier
- Lack of managerial skill in terms of workers and innovations
- Mode of operation to customer sometimes is not polite
- Lack of corporate identity and organizational culture

5.1 PROMOTION STRATEGY

- Through advertising – we will be developing our core positioning message. A community school for kids. To differentiate ourselves from our competitors, we will be using direct mail campaign, pre-enrolment drives and local community newspaper advertising to launch the initial campaign.
- Through the sales of brochures – our theme and curriculum will be sold to the prospective client through brochures.
- Through direct mail – we will send quarterly direct mail campaign to houses located around the school premises.

- Through community involvement – we will be active in our community activities sponsoring events at community center for families and residents.
- Setting up billboards
- Distribution of hand bills and flyers
- Through radio jingles

5.2 MARKETING STRATEGY

Catered open houses, parents' survival days/nights, club house pool parties and weekend movies are but few approaches we will utilize to reach out to our community. We will also develop and maintain partnership with local businesses that cater to the needs of children.

Our pre-opening effort will include an application of fee waiver, free children ID cards, T-shirts and a community block party sponsored and hosted by Brighter Kids Academy Day Care/Primary School.

5.3 MARKET POSITIONING

For families who value the importance of higher education and quality child care services, we shall offer a great alternative to traditional child care services and specific interest based programs. Unlike those programs, we will combine child care services with a modified collegiate level curriculum just for kids.

5.4 PRICING POLICY

Brighter Kids Academy Day Care/Primary School will charge appropriately for the high-end, high quality educational and child care services we offer. Our revenue structure has to support our cost structure, so that the salaries we pay to ensure quality services will be balanced by the revenue we charge.

We will adopt competitive price mechanism in the market we service. However, we will not subscribe to the 'low price leader' concept. The quality of our services will support the prices we charge.

TABLE 2.5 PROJECTED ENROLMENTS (SALES) (at 5% annual growth rate)

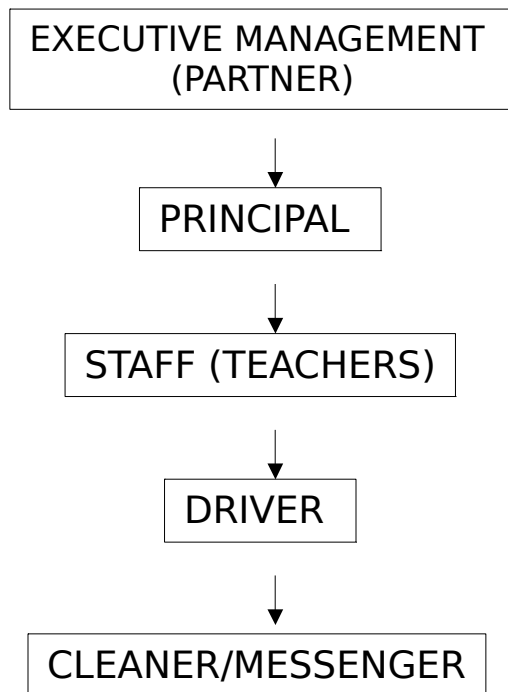
Categories	Year 0	Year 1	Year 2	Year 3	Total
Full-time	30	30	45	68	143
After school care	28	28	42	63	133
Holiday lessons	28	28	42	63	133
Part-time workers/drop-in	32	32	48	72	152
Total enrolments	118	118	177	266	561

TABLE 3:5 ENROLMENT PRICES

Categories	Year 0	Year 1	Year 2	Year 3	Total
Full-time (N8,000 per head)	240,000	240,000	360,000	544,000	1,144,000
After school care (N5,000 per head)	140,000	140,000	210,000	315,000	805,000
Holiday lessons (N8,000 per head)	224,000	224,000	336,000	504,000	1,064,000
Part-time workers/drop-in (N7,000 per head)	224,000	224,000	336,000	504,000	1,064,000
Total enrolments	828,000	828,000	1,242,000	1,877,000	3,947,000

PART VI

6.0 MANAGEMENT AND ORGANIZATION



We the managers of the school are currently being trained as entrepreneurs presently at centre for Entrepreneurship Research and Development (CEDR), University of Nigeria Nsukka (UNN), Enugu State, and also pursuing degrees in the department of Agricultural and Bioresources Engineering, UNN. These will help in preparing us to the task ahead.

TABLE 4: 6.1 PERSONAL PLAN

Based on the Executive Managers, the following staff will help in the running of the school.

STAFF SALARY ESTIMATE

POSITION	NO	MONTHLY SALARY	ANNUAL SALARY
Principal	1	18,000	216,000
Staff (Teacher)	5	12,000	720,000
Driver	1	10,000	120,000
Cleaner/Messenger	1	8,000	96,000
Total	8	48,000	1,56,000

6.2 VALUES AND NORMS OF THE COMPANY

The following will be adopted to ensure strong market output and a spirit of a better service in accordance to the values and norms of the company.

- To do out business within the boundaries of the laws of the federal and state regulations.
- To serve the customers with excellence
- To keep out integrity
- To value our personnel
- To work for the benefit of our community and nation at large.

PART VII

7.0 LEGAL, ENVIRONMENTAL, SOCIAL AND REGULATORY ISSUES

7.1 LEGAL ISSUE

Brighter Kids Academy Day Care/ Primary School with the Corporate Affairs Communication (CAC)

7.2 ENVIRONMENTAL ISSUES

The premises of the school will be kept neat and friendly for customers to explore and access. The school environment will have no direct waste that will affect the environment. Thus, its waste will be properly disposed.

7.3 SOCIAL ISSUES

The implementation of the project will bring social and economic benefits to the state via the following:

- New jobs will be created
- It will build both managerial and social skill of managers (mental empowerment).
- It will advance wealth creation and poverty alleviation in line with the millennium development goal (MDGs), The National Economic Empowerment and Development Strategy (NEEDS) , as well as the State Economic Employment and Development Strategy (SEEDS).
- Add to the National Gross Domestic Product (GDP) of the state and nation in general.

7.4 REGULATORY ISSUE

The school will comply with all relevant industrial safety regulatory requirements and also the ministry of education.

PART VIII

8.0 RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY

8.1 RISK ANALYSIS

The project has been subjected to risk analysis and inherent identified and appropriate measures put in place to avoid the disorganization of the business in the table below.

TABLE 5: RISK ANALYSIS

S/N	RISK	MITIGANT
1	Competition	Create a niche for ourselves
2	High school fees	Place the price at a moderate rare
3	Transportation	Get a school bus
4	Government policies	Abide by the rules and regulations and always look out for new information

8.2 SWOT ANALYSIS

To ensure an in-dept study of the project, we have subjected it to the below SWOT analysis.

Strengths

- Brighter Kids Academy Day Care/Primary School has an equipped team with the right skills and experience.
- Location of the enterprise
- Marketing strategy

Weakness

- Stiff competition
- Security

Opportunities

- The available market
- Opportunity to enlarge to other areas in the zone

Threats

- Increasing inflow into the market by other business individual
- Unpredictable strike and riot might affect students' ability to pay feed

8.3 EXIT STRATEGY

We do not plan to exit from the venture rather; we will consolidate our success by expanding the business after paying our bank loan to the financial institution.

PART IX

OTHER CONSIDERATIONS AND CONCLUSION

ECONOMIC JUSTIFICATION

From the point of view of our study and analysis of the findings herein stated, the project offers good benefit to the educational sector encourages higher standard of living and creates wealth and jobs to the community.

9.1 COMMERCIAL VIABILITY

The commercial viability of the project needs no over emphasis. We have found the project to be commercially viable. Having gone through the projections, a conservative but impressive turnover, profit line and cash flow are recorded.

9.2 CONCLUSION

We have therefore no hesitation to recommend the business plan for funding and implementation.

PART X
COMPANY FINANCIAL ANALYSIS
FUNDING REQUIREMENTS

10.0 SUMMARY OF THE PROJECT COST

The project will be executed with a total sum of N2,456,000 broken down into: N1,200,000 as fixed cost and N1,256,000 as working capital.

10.1 FUNDING PLAN

The total project cost is planned to be funded as follows:

Owners contribution (equity)	= 2,456,000
Total	= 2,456,000

10.2 FUNDING REQUIREMENT

The fund required for this project is N2,456,000 which will be contributed by the partners. (N491,200 each partner).

10.3 FINANCIAL ANALYSIS

TABLE 6: FIXED CAPITAL INVESTMENT

S/N	Detail	Quantity	Unit price	Total amount
1	Bus	1	N800,000	N800,000
2	Rent/building	-	N80,000	N80,000
3	Desktop computer	1	N60,000	N60,000
4	Desks	10	N5,000	N50,000
5	Tables	5	N5,000	N25,000
6	Colored pictures books	50	N400	N20,000
7	White boards	3	N4,000	N12,000
8	Calendar for learning	10	N200	N2000
9	Ceiling fan	3	N2,000	N6,000
10	Water tank	1	N40,000	N40,000
11	Playing equipment (toy)	-	N80,000	N80,000
12	Television and DVD	-	N25,000	N25,000
	Total fixed investment	-	-	N1,200,000

TABLE 7: WORKING CAPITAL EXPENSES (PROJECTED EXPENSES)

Item	Year 0	Year 1	Year 2	Year 3
Utilities 10%	N20,000	N20,000	N22,000	N21,200
Salaries 5%	N1,156,000	N1,156,000	N1,213,800	N1,374,490
Depreciation 5%	N50,000	N50,000	N52,500	N55,125
Tax 5%	N30,000	N30,000	N31,500	N33,075
Total	N1,256,000	N1,256,000	N1,319,800	N1,386,890

TABLE 8: DEPRECIATION SCHEDULE

Item	Cost	Scrap value	Life span
Office equipment/utilities	N135,000	N20,000	7years
Toys	N80,000	N10,000	5years
Total	N215,000	N30,000	

TABLE 9: PROJECTED INCOME STATEMENT

Item	Year 0	Year 1	Year 2	Year 3
Total turn over	N828,000	N828,000	N1,242,000	N1,877,000
Less operation cost	N1,256,000	N1,256,000	N1,319,800	N1,386,890
Net total (return on investment)	N428,000	N428,000	N77,800	N490,110

TABLE 10: PROJECTED CASH FLOW

Projected cash in-flow	Year 0	Year 1	Year 2	Year 3
Owner cash (Equity)	N2,456,000	N2,456,000	-	-
Revenue (Turn over)	N828,000	N828,000	N1,242,000	N1,877,000
Depreciation	N50,000	N50,000	N52,500	N55,125
Total cash in-flow	N3,334,000	N3,334,000	N294,500	N1,932,125

TABLE 11: CASH OUT-FLOW

Projected cash in-flow B	Year 0	Year 1	Year 2	Year 3
Equipment and	N1,200,00	N1,200,000	-	-
Working capital (expenses)	N1,256,00	N1,256,000	N1,319,800	N1,386,890
Total cash outflow	N2,456,00	N2,456,000	N1,319,800	N1,386,890
Net cash flow (A-B)	N878,000	N878,000	N25,300	N545,235

10.4 PROJECTED BALANCED SHEET

Current assets	Year 0	Year 1	Year 2	Year 3
Cash in bank	N878,000	N878,000	N25,300	N545,235
Account receivable	-	-	-	-
Inventory	-	-	-	-
Prepaid expenses	-	-	-	-
Other current asset	-	-	-	-
Total current assets	N878,000	N878,000	N25,300	N545,235

TABLE 13: FIXED ASSETS

Fixed assets	Year 0	Year 1	Year 2	Year 3
Building & equipment	N1,200,00	N1,200,000	N1	200
(less depreciation)	0			
Other fixed assets		N50,000	N52,500	N55,125
Total fixed assets				
Total assets	N1,200,00	N1,250,000	N1,250,000	N1,255,125
	N2,078,000	N2,250,000	N1,227,200	N1,800,360

TABLE 14: LONG FARM LIABILITY

Long term liability	Year 1	Year 2	Year 3
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Capital (equity)	N2,456,000	N2,456,000	N2,456,000
Retained earnings	N428,000	N77,800	N490,000
Total long term liabilities	N2,028,000	N2,378,200	N2,946,000
Current liabilities			
Loan repayment			
Total current liability			
Total liability	N2,028,000	N2,378,200	N2,946,000

TABLE 16: FIXED COST

Fixed cost	Year 0	Year 1	Year 2	Year 3
Salaries	N1,156,000	N1,156,000	N1,213,800	N1,274,490
Rents	N80,000	N80,000	N84,000	N88,200
Utilities	N20,000	N20,000	N22,000	N24,200
Tax	N30,000	N30,000	N31,500	N33,075
Depreciation	N50,000	N50,000	N52,000	N55,125
Total fixed cost	N1,336,000	N1,336,000	N1,403,300	N1,475,090

By substitution

$$BEP = \frac{FC}{\frac{I-VC}{S}}$$

$$i \frac{1,286,000}{\frac{1-50,000}{828,000}}$$

$$i \frac{1,286,000}{1-0.06039} = \frac{1,286,000}{0.93961} = N 1,368,652.95$$

The interpretation is that, out of year 1 sales of N828,000, this business will break even at a point where the turnover is N1,358,652.95. After this point, it will begin to turn in profit.

10.6 APPENDICES

Assumptions behind the figure:

The following are the underlying assumptions behind the figures embodied in this business plan.

- That there will be a stable economy
- That the projected turnover will increase by 33% annually.

BREAK EVEN ANALYSIS

$$BEP = \frac{FC}{\frac{I - VC}{S}}$$

Where BEP = Break even point

FC = fixed cost

VC = variable cost

S = sales (turnover)

I = constant

Items	Fixed costs N	Variable costs N
Salaries	N1,156,000	
Rent	N80,000	N20,000
Utilities		
Depreciation	N50,000	N30,000
Tax		
Total	N1,286,000	N50,000

