

UNIVERSITY OF NIGERIA, NSUKKA

FACULTY OF ARTS

DEPARTMENT OF MASS COMMUNICATION

TOPIC

A BUSINESS PLAN ON PARAGON DAY CARE

AN ASSIGNMENT

**SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS FOR THE COURSE: CEDR 342 (BUSINESS
MANAGEMENT AND DEVELOPMENT)**

BY

OKOYE HENRIETTA UDOKA

REG. NO: 2014/192674

LECTURER

MRS NWAOGA, T.C

JULY, 2017

SECTION ONE

EXECUTIVE SUMMARY

A day care centre where parents can leave their kids in our care for premium quality care. The purpose of this plan is to provide an excellent day care for children. The proposed project would require a start-up capital of N7,000,000. We will be located at Phase 4 Kubwa, Abuja. The competitive edge of the enterprises lies on the owners of Paragon Day Care qualifications, abilities and in CEDR entrepreneurship.

SECTION TWO

COMPANY DESCRIPTION

Mission Statement: To provide quality care services for kids.

2.1 General business overview

This business will start as a partnership, owned by its founders. We will handle day-to-day operations of the business. The demand for quality day care is growing this days and this projected will run for the next ten years.

2.2 Promoters: The company founders are:

- Ms. Henrietta Okoye
- Mrs. Udochi Ayogu
- Mr. Henry Alex
- Mrs. Amy John
- Mr. Cas Ugwu

2.3 Adviser

The adviser is my beautiful honorable lecturer, Dr. Mrs Chineye Nwoga.

2.4 Legal status

This business name has been registered with the Ministry of cooperate affairs with registration number Hen192674.

2.5 Location and Facilities

Paragon day care will base its' operations at phase 4 Kubwa Abuja. The facility will originally consist of a 700 sq. ft. house in a busy environment. The building will we have an open space where all passer bye can see Paragon Day Care .

The house will be equipped with flat screen television and dstv for entertainment

2.6 Product and Services

We will offer busy families a chance to properly take care of their kids while they face their day to day activities.

2.7 Long term aim and objectives

Goal: Paragon Day 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 in our care.

Objectives

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

2.8 SWOT

Strengths	Weakness
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Degree holder	Finance
Skilled personnel	Lack of skills
Opportunity	Threats
Diversifying into primary education	Competition from existing day care services.
Highdemand for daycare schools in our urban centers.	Initial low registration

SECTION THREE

MARKET ANALYSIS

Paragon Day 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 50 child day care centre in this area that provide similar services, 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.

3.1 Target market

Paragon Day Care has a focus on meeting the local need for child care services within the 15-mile radius of Abuja. Children are taken in flexibly on either a full-time or part-time basis. The target market for Paragon Day 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

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.

3.2 Total Market Valuation

Paragon Day 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.

3.3 Target company Revenue

Our company revenue will come from two parts, promoters will contribute equal amount and a part will be borrowed from the bank

3.4 Market trends

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.

3.5 Profile of Competitors

- The child care business is lucrative. As a result, there are many centers that provide quality care for children in the same area as Paragon Day Care. The child care industry is split between large, commercially-run centers and smaller, locally-owned centers.
- These larger chains compete well because of a good reputation among the consumer market.
- Paragon Day Care will compete with the small care centers; this is where the main competition lies.

3.6 Competitive Advantages

- Paragon Day Care is confident that this will be a successful venture because of the quality of its managers and the capability of its Care Staff.

- It 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.

SECTION FOUR

MARKETING/ SALES STRATEGY

4.1 Marketing Strategies

As entrepreneurs trained under UNN training program at CEDR Centre, we have to “think big by starting small” in order to grow and expand our product line. For initial market penetration, we shall use;

- Price penetration strategy to achieve a healthy market share.
- We shall also employ a good customer care principle.
- We shall seek to achieve a good customer relationship through customer satisfaction and retention. These we believe will lead to repeat patronage which by extension will help us achieve business survival and growth.

Our goal is to operate a day care center for infants and toddlersthrough age six with a maximum enrollment of 24 students.

We will attract additional students to the new center by:

- talking with local real estate agents,
- giving discounts for two or more children from the same family,
- distributing flyers in local grocery stores and in the offices and businesses of parents of my current students
- Advertising in local newspapers that I will accept infants.

4.2 Revenue Sources

Revenues will be generated by providing reliable and quality child care services.

4.3 Sales Strategies

Paragon Day Care will make a significant profit through the excellent care of children. Even though Paragon Day Care 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.

4.4 Pricing

It is estimated that the start-up expenses will be N300,000 (including legal costs, advertising, and related expenses). An additional amount of N6,700,000 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 N3,000,000 five years loan.

Start-up Requirements	
Start-up Expenses	
Legal	N100,000
Brochures	N35,000
Stationery etc.	N10,000
Activity Supplies	N25,000
Food Preparation Supplies	N30,000
First Aid Supplies	N20,000
Cleaning Supplies	N15,000
Nap Time Bedding	N25,000
Other	N40,000
Total Start-up Expenses	N300,000
Start-up Assets	
Cash Required	N6,700,000
Other Current Assets	N0
Long-term Assets	N0
Total Assets	N6,700,000
Total Requirements	N7,000,000

Start-up Funding	
Start-up Expenses to Fund	N300,000
Start-up Assets to Fund	N6,700,000
Total Funding Required	N7,000,000
Assets	
Non-cash Assets from Start-up	N0
Cash Requirements from Start-up	N6,700,000
Additional Cash Raised	N0
Cash Balance on Starting Date	N6,700,000
Total Assets	N6,700,000
Liabilities and Capital	
Liabilities	
Current Borrowing	N0
Long-term Liabilities	N3,000,000
Accounts Payable (Outstanding Bills)	N0

Other Current Liabilities (interest-free)	N0
Total Liabilities	N3,000,000
Capital	
Planned Investment	
Owner –Ms Henrietta Okoye	N800,000
Owner –Ms. Udochi Ayogu	N800,000
Owner – Mr. Henry Alex	N800,000
Owner – Ms Amy John	N800,000
Owner – Mr. Cas Ugwu	N800,000
Other	N0
Additional Investment Requirement	N0
Total Planned Investment	N4,000,000
Loss at Start-up (Start-up Expenses)	(N300,000)
Total Capital	N3,700,000
Total Capital and Liabilities	N6,700,000
Total Funding	N7,000,000

4.5 Marketing and Communication Strategy

Ways by which we will create awareness about our Paragon Day Care promotion include – website and internet marketing, press advertising etc.

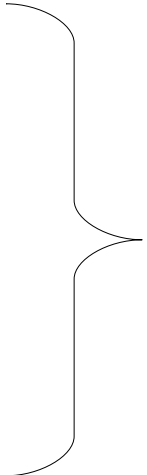
SECTION FIVE

RESEARCH AND DEVELOPMENT

5.1 Technology Roadmap

The new building has two baths and kitchens and an abundance of storage cupboards, closets and storage shelves. These features are important for a day care operation. The kitchens will make preparing meals more convenient since breakfast, lunch and a snack are provided. The extra refrigerator can be used to store a daily supply of infant formula. The two kitchen sinks, in addition to the bathroom sinks, will be a convenient source of running water for hand washing at diaper changing time. The major renovations include new carpeting and linoleum throughout the building, the removal of a flue and woodburner, the installation of electric heat in the garage area and the relocation of kitchen cupboards.

5.2 Technical Partners

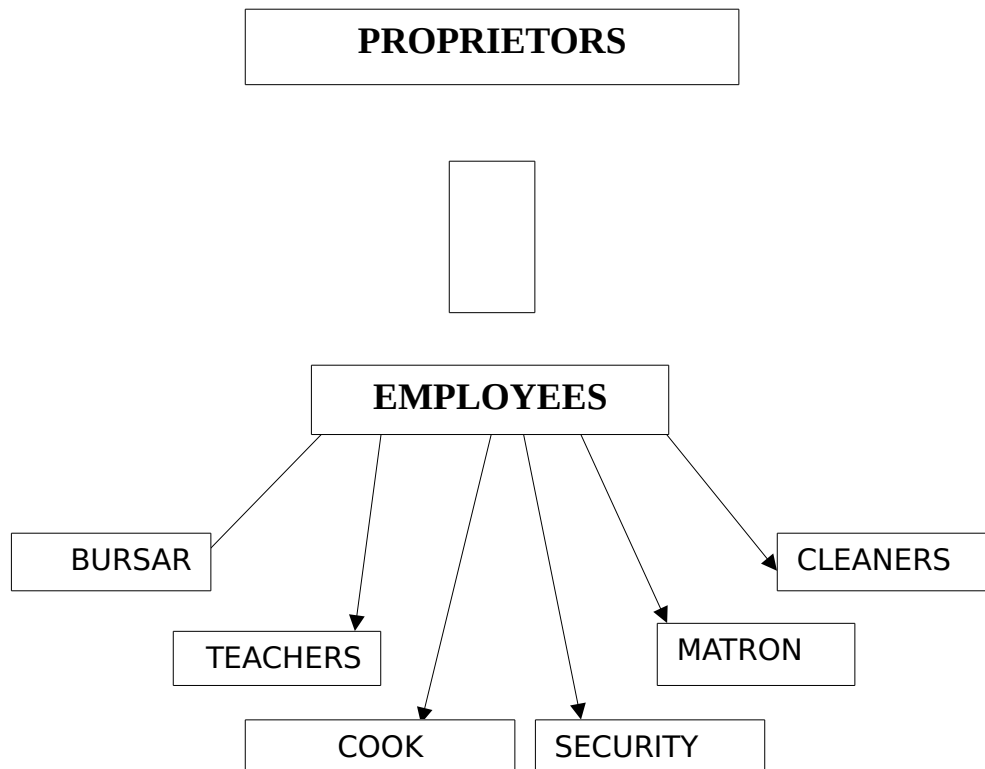
- Ms Henrietta Okoye
 - Mrs. Udochi Ayogu
 - Mr. Henry Alex
 - Ms. Amy John
 - Mr. Cas Ugwu
- 
- PROPRIETORS

5.3 Patents, Copyrights, Brands

We currently have a dual license which allows me to accommodate 18 children plus

SECTION SIX STAFFING AND OPERATION

6.1 Management organ gram



6.2 Staffing: We will employ about 14 staff,

- i. Bursar (1) at least a degree holder with one year experience
- ii. Teachers (6) at least NCE holder
- iii. Cook (2) at least two years of experience in a hotel
- iv. Security men (2) not skilled
- v. Matron (1) at least 3 years working experience in a hospital.
- vi. Cleaners (2)

6.3 Staffing Need

Employees	Job description	No. of employees	Proposed compensation	Availability
Bursar	Accounting and registration	1	yearly	8am-2pm
Teachers	Caring for children & teaching	6	”	8am-2pm &2pm-7pm
Cook	Cooking and serving	2	”	8am-4pm
Security man	Security	2	”	7am-1pm &1pm-7pm
Matron	Medical care	1	”	8am-2pm
Cleaners	Sanitation	2	”	7am-1pm

6.4 Training plans

Paragon Day Care plans to hold a workshop bi-annually, aiming at motivating the staff and developing their competency and capability to deliver standard expectation.

6.5 Operations

- a) Premises: Paragon Day Care has a large compound with a building measured 500ft sq.
- b) Equipment: Generator, computer, toys, story books, tables, chairs, ceiling fans, etc.
- c) Infrastructure: Electricity, water tap.
- d) Communication facilities: land telephone
- e) Cost involved: N7,000,000

SECTION SEVEN

FINANCIAL PROJECTION

7.1 Key assumptions

We expect that at the end of first, second and third year, we will have the sale of N26,162,500 ,N51,502,500 and N67,474,000 respectively.

7.2 Profit and loss accounts

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

Projected Profit and Loss

	Year 1	Year 2	Year 3
Sales	N26,162,500	N51,502,500	N67,474,000
Direct Cost of Sales	N780,600	N1,600,000	2,160,000
Other Production Expenses	\$0	\$0	\$0
Total Cost of Sales	N780,600	N1,600,000	N2,160,000
Gross Margin	N25,381,900	N49,902,500	N65,314,000
Gross Margin %	97.02%	96.89%	96.80%
Expenses			
Payroll	N21,000,000	N33,200,000	N37,500,000
Sales and Marketing and			
	N0	N0	N0
Other Expenses			
Depreciation	N0	N0	N0
Leased Equipment	N180,000	N200,000	N220,000
Certifications & Inspections	N240,000	N250,000	N260,000
Utilities	N180,000	N200,000	N2,200,000
Insurance	N300,000	N360,000	N4,200,000
Rent	N1,800,000	N2,000,000	N2,500,000
Payroll Taxes	N3,150,000	N4,980,000	N5,625,000
Other	\$0	\$0	\$0
Total Operating Expenses	N26,850,000	N41,190,000	N52,505,000
Profit Before Interest and			
	(N1,468,100)	N8,712,500	N12,809,000
Taxes			
EBITDA	(N1,468,100)	N8,712,500	N12,809,000
Interest Expense	N261,000	N178,000	N7,8000

Taxes Incurred	N0	N2,560,400	N3,819,300
Net Profit	(N1,729,100)	N5,974,200	N8,911,700
Net Profit/Sales	-6.61%	11.60%	13.21%

7.3 Balance sheet

The following table presents the Balance Sheet for Paragon Day Care.

Projected Balance Sheet

	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	N4,896,400	N10,238,300	N18,867,900
Other Current Assets	N0	N0	N0
Total Current Assets	N4,896,400	N10,238,300	N18,867,900
Long-term Assets			
Long-term Assets	N0	N0	N0
Accumulated Depreciation	N0	N0	N0
Total Long-term Assets	N0	N0	N0
Total Assets	N4,896,400	N10,238,300	N18,867,900

	Year 1	Year 2	Year 3
Liabilities and Capital			
Accounts Payable	N645,500	N1,013,300	N1,731,100
Current Borrowing	N0	N0	N0
Other Current Liabilities	N0	N0	N0
Subtotal Current Liabilities	N645,500	N1,013,300	N1,731,100
Long-term Liabilities	N2,280,000	N1,280,000	N280,000
Total Liabilities	N2,925,500	N2,293,300	N2,011,100
Paid-in Capital	N4,000,000	N4,000,000	N4,000,000
Retained Earnings	(N300,000)	(N2,029,100)	N3,945,000
Earnings	(N1,729,100)	N5,974,200	N8,911,700
Total Capital	N1,970,900	N7,945,000	N16,856,700
Total Liabilities and Capital	N4,896,400	N10,238,300	N18,867,900
Net Worth	N1,970,900	N7,945,000	N16,856,700

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.

Projected Cash Flow

	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	N26,162,500	N51,502,500	N67,474,000
Subtotal Cash from Operations	N26,162,500	N51,502,500	N67,474,000
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	N0	N0	N0
New Current Borrowing	N0	N0	N0
New Other Liabilities (interest-free)	N0	N0	N0
New Long-term Liabilities	N0	N0	N0
Sales of Other Current Assets	N0	N0	N0
Sales of Long-term Assets	N0	N0	N0
New Investment Received	N0	N0	N0
Subtotal Cash Received	N26,162,500	N51,502,500	N67,474,000
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	N21,000,000	N33,200,000	N37,500,000
Bill Payments	N6,246,100	N11,960,600	N20,344,400
Subtotal Spent on Operations	N27,246,100	N45,160,600	N57,8,44,400
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	N0	N0	N0
Principal Repayment of Current	\$0	\$0	\$0
Borrowing			

Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal	N720,000	N1,000,000	N1,000,000
Repayment			
Purchase Other Current Assets	N0	N0	N0
Purchase Long-term Assets	N0	N0	N0
Dividends	N0	N0	N0
Subtotal Cash Spent	N27,966,100	N46,160,600	N58,844,400
Net Cash Flow	(N1,803,600)	N5,341,900	N8,629,600
Cash Balance	N4,896,400	N10,238,300	N18,867,900

SECTION EIGHT

SALES PIPELINES

Name of customer	Size of deal	Date P.O. Expected	Probability% of getting sales
Full-Time Working Couples			60%
Part-Time Workers / Drop-Ins			40%

SECTION NINE

FUNDING REQUIREMENTS

The funding requirement for this project is N7,000,000 as the promoter is committing N4,000,000 into the project.

9.1 Source of fund

- Promoters' fund- N4,000,000
- Bank lending- N3,000,000

9.2 Purpose of the fund

The funds are required for staffing, equipment, risk analysis, research and development, marketing, contingency plan and exit strategy.

9.3 Risk analysis and mitigants

This project has been subjected to risk analysis for the purpose of identifying some risks associated there too. We have also proffered mitigates to ameliorate the negative effects of such risks on business.

S/N	IDENTIFIED RISK	MITIGANTS
1	Epileptic Power Supply	A generator shall be provided
2	Low initial demand	Aggressive marketing cum promotion shall be adopted
3	Competition	Continuous high quality care and continuous environmental scanning shall be adopted.
4	Fire out break	Fire extinguishers shall be proved and fire insurance policy shall be taken.
5	Bad debts	Verify school fee payment before admission
6	Accident	Carefulness in handling kids and avoidance of provision of sharp objects.

9.4 Contingency plan

It is likely that the business may not generate enough turnovers in the first few months of starting. We therefore use the following contingency plans:

- ◆ **Price reduction:** This will be used to stimulate parents to register with us.
- ◆ **Quantity discounts:** This will motivate customers awareness creation.
- ◆ Forming strong customer bonds and customer relationship management (CRM)

- ◆ Effective customer care, satisfaction and retention.

9.5 Exit Strategy

This business will generate enough cash flows to pay off the agency loan and interest as at when due to ensure a smooth exit of investor from the business without resorting to litigation.

After this, the business will still have enough cash to continue operations. For us the owner, we do not intend to exit, rather we will pursue expansion and diversification by including Nursery and Primary school for long term survival and profitability.

SECTION TEN

10.1 ECONOMIC JUSTIFICATION

This business is economically justified because it creates employment, wealth, leads to reduction in poverty, and encourages value orientation and people's empowerment. All these positive goals are consistent with the goals of the National Economic empowerment development strategy (NEEDS).

10.2 COMMERCIAL VIABILITL

The result of our analysis shows that this project is commercially viable in the sense that it generates adequate cash flows and good profitability return or profile to pay off its indebtedness and still expand, diversify and achieve long term survive and profitability.

10.3 CONCLUTION AND RECOMMENDATION

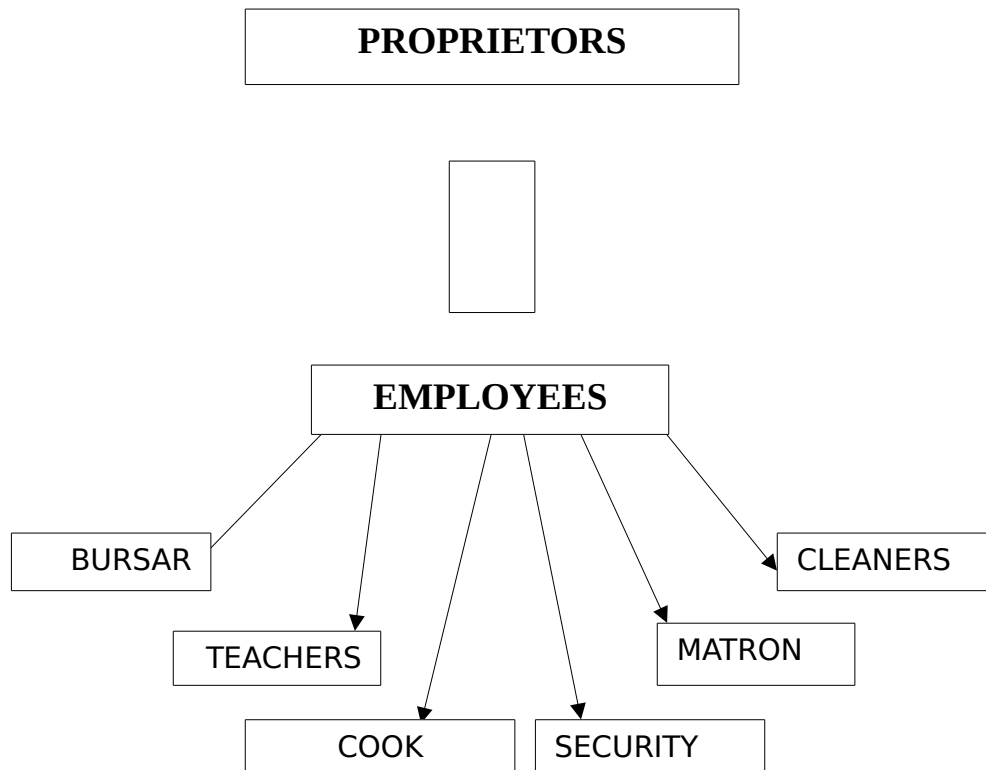
There is a growing trend towards Specialized Childcare. The high demand for specialty daycare services like drop-in care, 24hour daycare, vacation care, sick daycare, and daycare for kids with special needs is growing daily.

Based on the point of view of the analysis of our findings, the proposed project is found to be Educationallyfeasible, commercially viable, and economically desirable.

The project offers good investment benefit. We therefore highly recommend it for funding and implementation.

SECTION ELEVEN

APPENDICES



Management organ gram of Paragon Day Care.