

# BUSINESS PLAN

**-Draft-**

## STEUBEN CHILD CARE PROJECT

### **Integrated Care Assistance Network (I-CAN)**

Street Address	11 Wilkes Ave Bath, NY 14810
Address 2	117 East Steuben Street Bath, NY 14810
Telephone	607/776-2126
Fax	607/776-4873
Website	<a href="http://www.proactioninc/sccp.org">www.proactioninc/sccp.org</a>

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## II. Executive Summary

*[Write this section last.*

*We suggest that you make it two pages or fewer.*

*Include everything that you would cover in a five-minute interview.*

*Explain the fundamentals of the proposed business: What will your product be? Who will your customers be? Who are the owners? What do you think the future holds for your business and your industry?*

*Make it enthusiastic, professional, complete, and concise.*

*If applying for a loan, state clearly how much you want, precisely how you are going to use it, and how the money will make your business more profitable, thereby ensuring repayment.]*

### III. General Organizational Description

As a sector, child care comprises 300 small businesses in Steuben County that generate nearly \$31 Million in gross receipts, and employ more than 950 people earning \$16.2 Million annually. With easier access to a few key business supports, this sector has the potential to work even harder for the local economy. Steuben Child Care Project would like to expand the scope of its existing Integrated Care Assistance Network (I-CAN) service to achieve the following goals for the child care sector, with particular emphasis on the family child care small business owners.

**Goals:**

1. Stabilize and grow the local child care business sector for the benefit of child care small business owners as well as the families they serve, local employers and the regional economy.
2. Raise the quality of life in our county by increasing the potential for young children to access quality child care.
  - a. Raise quality of care provision.
  - b. Facilitate access to high quality programs.

I-CAN is a membership-based arm of Steuben Child Care Project, a child care resource and referral organization. Child care providers (providers) who pay an annual fee to join I-CAN have access to resources beyond those offered to all child care providers served by Steuben Child Care Project. These resources include theme-based curriculum kits to borrow, use of office equipment such as die cutters and photocopiers, discounted training, discounted supply and food purchases, and access to a lending library of books for providers and children.

Steuben Child Care Project would like to expand the scope of services offered through I-CAN to include consolidated marketing, business management and tax preparation assistance. With this expansion, membership requirements would be modified to include minimum quality ratings, transforming I-CAN into an association that supports the growth and success of the *highest quality* child care small businesses in Steuben County.

## IV. Products and Services

### **Steuben Child Care Project currently provides the following services:**

1. Provider state licensing and registration.
2. Child care resource and referral for families.
3. FDA Food Program claim management for providers
4. Professional development provider training
5. Child care subsidy administration for Steuben County

### **I-CAN membership-based service currently provides the following services:**

1. Discounted professional training
2. Office equipment resource center.
3. Curriculum support tools.
4. Discounted purchasing of arts and crafts supplies.
5. Discounted purchasing of food.
6. Lending library of books for providers and children

### **The proposed EXPANDED I-CAN membership-based service would provide the following **ADDITIONAL** services:**

1. Marketing, recruitment and enrollment of families/children.
  - a. Steady enrollment results in more stable income, while outsourced recruitment and enrollment processes allow providers to place more focus on program operations
2. Centralized billing and fee collection **OR** group access to child care management software
3. Tax preparation assistance
  - a. Self-employed child care providers may be eligible for more money in returns than they know how to access without the help of a skilled preparer. But paid tax preparation would lower the amount of the return.
  - b. A Volunteer Income Tax Assistance program in Steuben County is willing to partner with I-CAN to provide free tax preparation assistance to self-employed child care providers. (Employed providers can use the existing service. A special arrangement will be made for self-employed providers.)
4. Group access to Chamber of Commerce membership and subsequent health insurance purchase rates
5. Possible access to on-call substitute(s) through cross-training of I-CAN administrative staff.

## V. Marketing Plan

### Target Customer

**Home-based child care providers in Steuben County**; given that home-based providers make up the greatest percentage of SCCP customers -- it seems the highest potential for impact using a collective management strategy in Steuben County lies with the home-based provider group. The home-based providers in this county perceive themselves as needing these services more than centers do, they have a closer relationship of trust with SCCP and they are more likely to be open to transitioning certain functions to SCCP staff.

### Target Customer Demand for Service

A survey was completed in March of 2008 with the goal of learning whether conditions exist that would give rise to child care small business owners seeking alternative solutions to conducting their business management tasks themselves. We distributed the survey to 100 family and group family child care providers registered through Steuben Child Care Project and we received 41 responses.

Specifically, we wanted to know:

- Are providers filling their available slots?
- Do providers perceive themselves as having trouble collecting fees?
  - A little more than half do
- Do providers lose annual income due to uncollected fees?
  - On average, providers lose about \$2,320 per year on uncollected fees from subsidy parents
  - On average, providers lose about \$746 per year on uncollected fees from non-subsidy parents
- Are providers using technology to maximize their business management efficiency and track their expenses and other tax information to leverage the best possible tax result?
  - A plurality of providers does not use a computer-based program to manage the aspects of the child care business that we listed.
- Do providers lack health coverage for themselves or their families?
  - 41% of respondents have coverage through a spouse and the remaining respondents would be considered uninsured or under-insured.
- Do providers pay for tax preparation?
  - A majority do
- How likely are providers to use the services I-CAN proposes to offer?
  - Less than half are very or totally likely to use the services based on zero explanation of the benefits.
  - See competitive analysis on beginning on page 8 for details.

## **Economics**

For an expansion such as that proposed by Steuben Child Care Project for its I-CAN membership-based child care business support service, it is assumed that start-up funding would be accessible through grants.

Sustaining funding must come through revenue generated from provider membership and / or administrative fees, parent enrollment fees and continued diligence in accessing third-party operating funds.

## **Features and Benefits of Services for the Target Customer**

### **Marketing, recruitment and enrollment - FEATURES**

- Promotion of I-CAN child care provider alliance, matching of families with potential providers based on family's stated criteria and requirements, administrative management of family enrollment and orientation.

### **Marketing, recruitment and enrollment - BENEFITS**

- More stable program census (and therefore income), more time to focus on program provision, less paperwork.

### **Child Care Management Software- FEATURES**

- Menu planning and meal tracking for FDA claims, billing and invoicing with option for parents to sign up for automatic bill-paying, multiple fee schedules to accommodate your full payer scale, complete record of information on every child including immunization tracking, time/use tracking for tax purposes, expense tracking, daily parent communication sheet, activity planning & scheduling.

### **Child Care Management Software - BENEFITS**

- Easy invoicing and more stable fee collection, easy and comprehensive income, expense and home-use tracking will help providers access their full tax return, great customer service with daily parent communication sheet, automated bill-paying and year-end statement report for parent tax records. Automated invoicing and parent bill-paying creates a buffer zone between providers and parents where fee collection is concerned.

### **Tax Preparation Assistance - FEATURES**

- Early-in-season skilled tax preparation and e-filing at no cost to the self-employed child care provider.

### **Tax Preparation Assistance - BENEFITS**

- Reporting of all eligible deductions and claiming of all eligible credits through no-cost skilled tax preparation means a higher return; tax preparation early in the season and e-filing gets returns in provider accounts fast.

### **Chamber of Commerce Membership- FEATURES**

- Networking with other small businesses, inclusion in child care business sector promotions, access to reduced rate health insurance as chamber of commerce member.

#### **Chamber of Commerce Membership - BENEFITS**

- Affordable health coverage, brand exposure to end-user audience through greater awareness among catalyst audiences.

#### **I-CAN staff cross-trained and credentialed for substitute services - FEATURES**

- One or two I-CAN administrative staff members would be cross-trained, certified and credentialed as child care substitutes and could be deployed as “last resort” substitutes when providers can not find coverage through the usual channels.

#### **I-CAN staff cross-trained and credentialed for substitute services – BENEFITS**

- Eliminates provider stress over disappointing customers because of an inability to fill a staffing gap.

### **Competition**

Competitors include mostly the providers themselves. The proposed service offering is meant to alleviate these cumbersome administrative tasks from the provider, and provide them with a higher and more stable flow of income. But giving up autonomy over some of these functions may be difficult for individuals who, as self-employed sole proprietors, are used to having complete control.

With regard to tax preparation, key competitors also include paid tax preparers and, to a much lesser extent, providers themselves.

For all other services, assuming the provider herself is the key competitor; the following table presents the providers’ reported likelihood — learned through a survey of 41 providers — of using the services proposed to be offered by the expanded I-CAN service.

**Table 1: Likelihood of Customer Defection from Competitive Supplier (themselves)**

<b>FACTOR</b>	<b>Not at all likely to use</b>	<b>Somewhat likely to use</b>	<b>Very likely to use</b>	<b>Would definitely use</b>	<b>Very Likely or Would Definitely</b>
<b>Marketing &amp; Family/Child Recruitment</b>	26.3%	34.2%	13.2 %	21.8%	35%
<b>Parent Billing &amp; Fee Collection</b>	36.8%	26.3%	18.4%	13.2%	31.6%
<b>Child Care Business Management Software</b>	28.9%	26.3%	15.8%	23.7%	39.5%
<b>Chamber Membership</b>	44.7%	15.8%	13.2%	21.8%	35%
<b>Tax Preparation</b>	34.2%	13.2%	13.2%	36.8%	<b>50%</b>
<b>Research-based early literacy curriculum for 4 year-olds</b>	18.4%	31.6%	21.1%	26.3%	<b>47.4%</b>
<b>On site program assessments</b>	31.6%	23.7%	23.7%	18.4%	42.1%

It is important to note that the above survey responses were solicited without any explanation of the details of the service offering or the amount of the membership fees. It is also important to note that among those providers who said they have trouble collecting parent fees, 50 percent were very likely or would definitely use both access to child care business software and parent billing and fee collection.

I-CAN plans to seek funding to contract the services of business consultant to act as a community child care coordinator in part to start up this expanded I-CAN service. With the expertise of a professional consultant defining I-CAN processes, we feel confident that the business services offered will be managed with a greater level of sophistication and convenience than providers can accomplish on their own. We believe strongly that when the benefits and convenience of outsourcing these services are fully communicated, providers will become more likely to seek membership in I-CAN so they can take advantage of the services.

## **Strategy**

The key strategy for making I-CAN membership attractive to the target audience is to pilot the services with a small set of providers and then improve the service package based on lessons learned. This experience will

stimulate the pilot providers to relate through word-of-mouth to other providers the benefits they have experienced through membership.

### **Promotion**

Traditional communications tactics will be followed. The benefits of I-CAN membership will be illustrated through existing communication tools and channels to Steuben Child Care Project's full network of child care providers.

- Training materials
- Envelope stuffers
- E-mail
- Newsletter
- Web site

### **Visual Identity**

I-CAN would develop a separate but complementary visual identity with respect to that of Steuben Child Care Project

### **Pricing**

*[Explain your method or methods of setting prices. For most small businesses, having the lowest price is not a good policy. It robs you of needed profit margin; customers may not care as much about price as you think; and large competitors can under price you anyway. Usually you will do better to have average prices and compete on quality and service.*

*Does your pricing strategy fit with what was revealed in your competitive analysis?*

*Compare your prices with those of the competition. Are they higher, lower, the same? Why?*

*How important is price as a competitive factor? Do your intended customers really make their purchase decisions mostly on price?*

*What will be your customer service and credit policies?]*

### **Proposed Location**

Current location will house program staff.

### **Sales Forecast**

Of the 100 family and group family child care providers in our network, we project that 33% or 33 will become members of I-CAN within the first 18 months of its launch.

## VI. Operational Plan

### Service Plan

1.5 FTE's working in an office at the existing I-CAN site will manage daily I-CAN member services.

#### *Marketing & Enrollment*

I-CAN members will be promoted as a premium child care network. Staff at the I-CAN office location will educate parents about local child care options, help them find possible matches to fit their family needs, coordinate site visitations for prospective parents and proceed to enroll and orient parents once they have selected a provider. During the enrollment process, I-CAN staff will set up the child's electronic record – including immunizations, age, allergies and parent billing information - in the provider's CK Kids Account (see below) using administrator access. At this time, the I-CAN enrollment facilitator will encourage the parent to use the Web-based electronic bill-paying feature available to providers through the CK Kids software application.

#### *Billing / Child Care Business Management Software*

All I-CAN members will receive a subscription to the CK Kids child care management software. With administrative privileges, I-CAN staff can enroll families and set up records directly in the provider's account, including fee rates based on the provider's defined scales. The provider may then choose to administer her own billing and fee collection, in which case I-CAN staff would provide a demonstration of the process. Or, the provider may opt to have I-CAN manage its billing and fee collection either (a) temporarily or (b) on an ongoing basis. A tiered annual membership fee will allow providers using the full billing service to pay extra for that. Parent fees would be sent, electronically transmitted or given directly to the provider based on the provider and parent agreement.

#### *Free Tax Assistance*

This service will be offered in partnership with an existing community volunteer income tax assistance program known as C.A.S.H. SCCP and I-CAN leaders will collaborate with C.A.S.H. leaders in advance of each tax season to ensure that self-employed providers will have access – early in the tax season - to specially-trained tax volunteers. I-CAN leaders may also facilitate special “blitz” events and will certainly promote the service to its membership. A new training will be offered through SCCP specifically on the topic of tax record-keeping. I-CAN members will receive a discount on this training, as well as a tool kit for managing the tax paper-trail. Additionally, I-CAN members can track all of their expenses and other tax records in their MinuteMenu Pro account.

*Chamber of Commerce Membership*

I-CAN leaders will negotiate membership for the entire association of providers, if possible, with local Chambers of Commerce. In addition to providing lower-cost access to the valuable networking and promotional opportunities that exist for other small business owners through the Chambers of Commerce, underinsured I-CAN members may be able to access lower-cost health insurance through a Chamber program.

*Research-based early literacy curriculum*

I-CAN leaders will research on behalf of its membership the ELA curriculums used in their school districts. Where possible, I-CAN will purchase the Pre-K level of the school district's curriculum for each provider serving 4 year-olds in her program. In the absence of a Pre-K level school district curriculum, I-CAN will purchase the research-based early literacy curriculum used by the Head Start program for its four year-old program. We anticipate accessing third-party funding to sponsor the cost of the curriculums.

*On-site program assessments*

Because I-CAN members must meet specific quality targets to maintain membership, I-CAN / SCCP quality department staff will conduct on-site assessments at I-CAN provider sites using the Family Day Care Environmental Rating Scale instrument. I-CAN member providers will be trained on understanding the scale's indicators and ratings, and will receive technical assistance to meet the minimums required for membership.

## **Legal Environment**

*[Describe the following:*

- *Licensing and bonding requirements*
- *Permits*
- *Health, workplace, or environmental regulations*
- *Special regulations covering your industry or profession*
- *Zoning or building code requirements*
- *Insurance coverage*
- *Trademarks, copyrights, or patents (pending, existing, or purchased)]*

## VII. Management and Organization

*[Who will manage the business on a day-to-day basis? What experience does that person bring to the business? What special or distinctive competencies? Is there a plan for continuation of the business if this person is lost or incapacitated?*

*If you'll have more than 10 employees, create an organizational chart showing the management hierarchy and who is responsible for key functions.*

*Include position descriptions for key employees. If you are seeking loans or investors, include resumes of owners and key employees.]*

### Professional and Advisory Support

*[List the following:*

- *Board of directors*
- *Management advisory board*
- *Attorney*
- *Accountant*
- *Insurance agent*
- *Banker*
- *Consultant or consultants*
- *Mentors and key advisors]*