

Quality Improvement Framework

Section 7 – Effective business management

Subsection: Business planning

Guidance Notes	Reflective Questions	Resources	Your Evidence
<p>Business plan is a written document that describes your business. It covers objectives, strategies, sales, marketing and financial forecasts. It is a tool to help you focus your vision and monitor your plans to manage, deliver, develop and sustain your service effectively.</p> <p>Having a good business plan will enable you to identify not only where you want your business to be but also how you are going to get there.</p> <p>Purposes and importance of a business plan</p> <p>Some of the main examples are as follows:</p> <ul style="list-style-type: none"> • Providing a clear vision for your business <p>Documenting the purpose and direction of your business will help you to focus your goals, spot potential problems and understand what needs to be done for the future.</p> <ul style="list-style-type: none"> • Attract Financing Opportunities <p>Having all facts and figures documented in a detailed plan will help your business (new or existing) to successfully apply for grants, loan finance or even to attract investors.</p> <ul style="list-style-type: none"> • Acts as a management tool <p>A documented plan will enable you to monitor your progress and, if necessary, review your plans to enable the business to stay on</p>	<ul style="list-style-type: none"> • Do you have another specific purpose for your Business Plan? • Are your Goals SMART? (Specific, Measurable, Achievable, Realistic and Time-bound) • Do you intend to use your business plan to attract financing opportunities? • Do you have an action to review your business plan at least every 12 months? • Have you communicated all sections of your business plan to your staff team? • Depending on your specific purpose, do you have any other section(s) which you require? • Does your executive summary make your purpose clear? • What type of service / range of services do you provide and what are the capacities for the different services/age groups? • Is your legal entity the same as your registered person (entity) per Ofsted? • Do you know your USP and do you keep an up to date record of your achievements? • Have you used the PESTLE tool to analyse the wider influences that affect the childcare market? 	<p>Q Cards</p> <p>Training</p> <p>EED team training programme</p> <p>Useful Links</p> <p>GOV.UK – Write a business plan</p> <p>Resources and templates</p> <p>For more detailed information on each section refer to the extract of the EED Team Business Planning Workshop presentation saved in the resources area for this section.</p> <p>Refer to the presentation link above - the document has more information and a template for a PESTLE analysis.</p> <p>Childcare Market Position Statement (May 2018)</p> <p>MyChoice - search for services in Leicester</p> <p>Select Children's Services, then Childcare for information on childcare in the city</p> <p>Childcare Choices: Communications toolkit</p>	<p>Guidance note: Remember to date your evidence to allow you to revisit and review relevance.</p>

course to achieve its goals and remain sustainable.

- Support from your Workforce

Having a clear vision for your business and communicating this to your team will help attract and retain qualified and experienced staff at all levels.

Business Plan Sections

These are suggested sections for a business plan for a childcare setting

1. Executive Summary

This is a brief overview of your business and your plans. Although it comes first in your plan, you should write this after completing all other sections.

2. The Business

This is for you to describe your business, the name, ownership/legal entity, background, service details and achievements.

3. Market Analysis and Competition

This is for you to describe the local childcare market and who your potential customers are from within that target market and their needs.

You must also give an indication of your direct competitors, the services they offer, their quality/reputation and how you can operate positively with the competition to meet the needs of the customers.

Any surveys/questionnaires and other detailed information can be included in the appendices section.

- Have you carried out any market research surveys for the local childcare market and do you have a good idea of your potential customers and their needs?
- Do you know who your direct competitors are and the range of services they offer?
- Do you know the overall aims for your setting or business?
- Do you have a mission statement for your business?
- What are your Short-Term Objectives? (0-1 year)
- What are your Medium-Term Objectives? (2 – 5 years)
- What are your Long-Term Objectives? (5+ years)
- Do you set aside a marketing budget every year?
- What marketing initiatives have you carried out in the last 12 months?
- What marketing initiatives have you got planned for the next 12 months?
- Do you have a realistic target for the month by month take-up of places (occupancy) for your services for the next 12 months at least?
- Do you have plans to review your services in line with the current and evolving needs of your target market?
- Do you have a summary of the following for Key Individuals, Support Staff, Teaching Assistants, Apprentices?
 - Qualifications

Providers can download and use the promotional material for their settings

Refer to the presentation link above – the document has more information and a template for a SWOT analysis

[NDNA - Early Years Business Zone](#)

[PACEY - Business smart for childminders](#)

For further information and resources refer:

[DfE Guidance - Business insights from successful early years providers](#)

<p>4. Aims and Objectives</p> <p>In this section you can include your overall aims (or desired outcomes or goals) and a 'mission statement'.</p> <p>You can state your short/medium/long term objectives (or steps you plan to take) to achieve the desired outcomes.</p> <p>5. Marketing and Sales</p> <p>In this section you should give an overview of your marketing initiatives i.e. how you will contact your potential customers to tell them about your business and services. You can detail the initiatives in a marketing action plan and include this in the appendices section.</p> <p>You should show the expected take-up of your services (sales forecast) for the next 12 months at least.</p> <p>You can also explain how you will review your services, if necessary, to meet current needs of your customers and any expected additional needs in the future.</p> <p>6. Quality of Childcare and Workforce</p> <p>This is for you to give more details of your Ofsted grading, specialisms and other accreditations. You can provide a chart of 'who is who' in your team showing their roles and responsibilities and describe their qualifications, training, skills, experience and other attributes. Also describe how the team is supported and any plans for growing the team.</p> <p>7. Operational considerations</p> <p>This is for you to describe your facilities and regular activities in more detail.</p> <p>Carry out a SWOT analysis (i.e. Strengths, Weaknesses, Opportunities</p>	<ul style="list-style-type: none"> ○ Training ○ Skills/Specialism ○ Background ○ Experience ● Has the leadership got a plan of support for staff in terms of supervision, appraisal, mentoring, CPD training opportunities? ● Have you carried out a SWOT analysis for your business? ● Do you have plans in place to maximise your business opportunities/strengths and improve on your weaknesses and to mitigate the effects of any potential threats? ● Does your income reflect a realistic picture based on realistic sales targets? ● Do you have a comprehensive list of all the potential expenditure for your business? ● Are you able to classify this into fixed costs and variable costs? ● Do you have a comprehensive list of all potential start-up costs for a new business or if you are expanding your services? ● If your financial projections indicate a need for additional finances do you know where this will come from? ● Do your projections indicate that the business will eventually generate sufficient surpluses to ensure that the borrowings can be paid back and the business will become self-sustaining in the medium to long term? 		
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<p>and Threats) based on your facilities, location, market factors and competition.</p> <p>You must also describe how you will make the most of the Strengths and Opportunities and the steps you will take to improve on your weaknesses and to mitigate the effects of any potential threats – including any plans to improve your facilities, equipment and resources to enhance your services.</p> <p>8. Financial forecasts</p> <p>In this section you should show a summary of your monthly financial forecast or budget for the next 12 months at least. The income should be based on your sales forecast and applicable fees and funding rates. You must factor in all the operating expenditure. The expenditure must include all fixed and variable costs. For new projects or expansions, you must include all start-up costs (capital and revenue costs).</p> <p>Detailed forecasts and workings can be included under the appendices section.</p> <p>9. Finance needs</p> <p>Your financial forecast may indicate some additional finance needs. For new projects or expansions, it will show the amount of start-up funding your business will require.</p> <p>You can summarise the finance needs in this section and explain how you intend to fund these (e.g. from reserves, bank loans, grants or other sources).</p> <p>10. Risks</p> <p>This is a section that no one likes to think about but to be realistic you should be able to recognise the inherent risks that all business face.</p>	<ul style="list-style-type: none">• Have you had this verified by your financial advisors or a financial professional?• Do you have a list of all potential risks to your business (including your weaknesses and threats from your SWOT analysis)?• Have you worked out the possible impact (operational and/or financial) of these risks?• Do you have a realistic contingency plan for each of the risk factors you have identified?• Do you have a detailed action plan which is easy to update and do you keep it updated regularly?• Has your action plan been communicated to the management and relevant staff team members responsible for the actions?		
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You should describe what plans and actions you will put in place to mitigate the effects of the risks.

For example, you have to recognise that the take-up of services may fall below what you have forecast and your contingency actions for this could include a review of staffing and other costs. This contingency planning will help you take timely action and ensure that your business remains sustainable in the long term.

11. Appendices

As you write each section of your business plan you should make a list of actions which will have to be carried out to meet the objectives. Prepare a detailed action plan for these to include in this section.

You can also include your market research/surveys, marketing action plan, detailed financial projections etc.