

Business Planning Workbook

Early Education Development Team

This workbook is for you to use with reference to the [Business planning](https://families.leicester.gov.uk/childcare-professionals/early-education-development/business-support-information/business-planning/) section and the sub-section titled “[What do I have to include in my business plan?](https://families.leicester.gov.uk/childcare-professionals/early-education-development/business-support-information/business-planning/)”

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# 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.

It is important to state the purpose(s) for preparing the business plan here, as the reader should be clear as to why you are presenting the business plan e.g. if you are seeking funding for a project you can explain it here for the reader to see before they proceed further.

Note down the main purpose(s) for preparing the Business Plan:

# The business

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

Note down the information for this section:

| **Section** | **Details** |
| --- | --- |
| Name of setting |  |
| Ownership and legal entitye.g. Business name if different from name of setting and legal entity e.g. limited company, sole trader, partnership, registered charity |  |
| Background of the business |  |
| Summary of services offeredState the range of services, including age ranges; operational hours & days; all year round or term-time; fee structure |  |
| Ofsted GradingWhen last inspected and grading. You can also show previous inspection outcomes if you want to. |  |
| Unique Selling Point (USP) |  |
| AchievementsInclude any Accreditations and Specialisms |  |

# The Market 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 and reputation and how you can operate positively with the competition to meet the needs of the customers.

Refer to the [**Market Research**](https://families.leicester.gov.uk/childcare-professionals/early-education-development/business-support-information/market-research/) section for information and tools for you to:

* research the local childcare market
* identify who your potential customers are and their needs
* identify your competitors and find out what they offer

You can carry out a **PESTLE analysis** (Refer to [Appendix 1](#_Appendix_1_-)) to establish the wider or external factors affecting the childcare market.

Examples of some local and national factors affecting the childcare market:

* Local: population trends, new housing, regeneration projects and new businesses
* National: funded entitlement for 2, 3 and 4-year olds, the 30-hour offer, help with childcare costs for parents (tax free childcare), effects of Brexit, effects of the Covid-19 pandemic

Note down the information you need about your **competitors**:

| **Who the local competitors are** | **Their facilities and services they offer** | **Their capacity and vacancies** | **Other information** |
| --- | --- | --- | --- |
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Use this information to explain how you can complement the services as a whole; bridge any gaps in the market and operate positively with the competitors to meet the needs of the customers.

# Aims and objectives

In this section you can include your overall aims (or desired outcomes or goals) and include a ‘mission statement’. You can state your short/medium/long term objectives (or steps you plan to take) to achieve the desired outcomes.

## Aims

Describe your overall aims (or desired outcomes or goals) to outline what you want to achieve as a business or service. Your aims could be:

* to focus on inclusivity and therefore to offer a high proportion of funded places for families from disadvantaged backgrounds and for children with SEND.
* OR, depending on your location and customer base, you may aim to focus on services for working families and therefore offer full day care places and out of school childcare.
* OR, as most settings do, you may aim to offer a sustainable mix of services which are of high quality and cater for the needs of children and families from all backgrounds.

You can summarise your aims in a **‘Mission Statement’** which states your ethos and the core purpose of your setting.

This is an example, for reference only, of a mission statement which summarises the aims of a nursery:

Bubbles Day Nursery aims to provide great childcare in Leicester for children aged 6 months to 8 years.

Our mission is to build an excellent reputation within the local community as being an inclusive, reliable and good quality provider.

Note down what your Mission Statement is:

## Objectives

State your objectives which are the precise actions or measurable steps you need to take to achieve the desired aims or outcomes. These specific targets should have a timeline for completion, ideally analysed into short, medium and long term (e.g. Year 1; Years 2 to 4; Years 5 onwards).

For example:

Steps you will take in the short and medium term to:

* improve and maintain quality
* to retain and grow your staff team
* to offer new services e.g. sole 30-hour places, out of school childcare
* to improve take up and profitability

Steps you will take in the long-term:

* plans to re-invest profits and surpluses into the business
* plans to raise funds for expansion and growth and perhaps new branches.

Note down your aims and reasons for these and your objectives:

| **Aims and reasons** | **Objectives** |
| --- | --- |
|  |  |
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# Marketing and Sales

## Marketing

Refer to the [Marketing](https://families.leicester.gov.uk/childcare-professionals/early-education-development/business-support-information/marketing/) section for information and examples of different marketing tools that childcare businesses can use.

* Give an overview of your **marketing initiatives and the tools** you make use of to contact your potential customers to raise awareness of your business and the services you offer.
* Include a summary of marketing initiatives carried out in the last 12 months and state which initiatives were most effective and what evidence you have for this.
* Also give a summary of the marketing planned for the next 12 months and what budget you may have set-aside for this.

Prepare a detailed **marketing action plan** and include that in the appendices section.

## Sales

Give a summary of your sales in the last 12 months and a **realistic** forecast for the next 12 months at least. As an appendix, you can include a detailed month by month record of the occupancy in the last 12 months and expected occupancy for your services for the next 12 months.

In this section, also explain the steps you take to enhance your **Sales** or take-up of places.

* Describe how you follow up enquiries from potential new parents (e.g. courtesy call, text or e-mail) and show the percentage of the parental enquiries that result in actual take-up.
* Describe how you engage with parents to find out what additional services or flexibility they may require now or in the future.
* Explain any plans to **review your services** to meet current and future needs. For example, based on customer demand trends, you may plan to:
* offer more flexibility such as open for longer hours, offer ‘stretched’ funding or
* offer additional services such as sole 30-hour places, before & after school care, holiday playschemes, school pick-up etc.

Please note that any review of services should not only be based on demand but should also be **financially viable** and also practical to implement for the business.

Note down any plans to review your services to meet current and evolving customer needs:

|  |
| --- |
| **Plans to be implemented, reasons and timescales** |
|  |
| **Plans for future consideration (as these may not be financially or otherwise viable to implement now)** |
|  |

# Quality of Childcare and Workforce

## Quality

Provide details of your Ofsted grading, accreditations and other specialisms.

List the strengths identified in your Ofsted report and the actions you have in place for any areas of improvement and expand on the accreditations (e.g. talk matters) and other specialisms (e.g. forest school) that you may have mentioned under ‘The Business’ section of the business plan.

## Workforce

* Provide alist or **chart of ‘who is who’ in your team** showing their roles.
* Add a brief description of responsibilities and their qualifications, training, skills, experience and other attributes (e.g. languages spoken).
* Also describe how the team is supported in terms of supervision, appraisal, mentoring, CPD training opportunities etc. and your plans for growing the team.

(Refer to [Appendix 2](#_Appendix_2_-) for a chart example and template for staff team information)

# Operational considerations

This section is for you to describe your **facilities** and **regular activities** in more detail taking into consideration the various factors such as:

* Accommodation – childcare rooms, different areas, overall set-up, security etc
* Outdoor play area and learning environment
* Access and inclusion considerations
* Equipment and resources
* Regular activities – visits to local parks; libraries; trips; learning activities etc
* Snacks, meals and lunchtime routines

Carry out a **SWOT analysis** based on your facilities, location, market factors and competition.

(Refer to [Appendix 3](#_Appendix_3_-)).

SWOT stands for Strengths, Weaknesses, Opportunities and Threats. Factors for the Opportunities and Threats can be from your PESTLE Analysis.

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.

# Financial Forecasts

In this section you should show a summary of your financial forecast or budget.

Refer to the [**Financial Planning**](https://families.leicester.gov.uk/childcare-professionals/early-education-development/business-support-information/financial-planning/)section for information and tools for financial forecasting.

Prepare a **monthly** forecast for the next **12 months** at least.

* The **income** should be based on your sales forecast and applicable fees and funding rates
* Income must not be over-stated and should be based on realistic sales targets and pricing.
* The operating **expenditure** must account expected costs in full.
* The expenditure must not be under-stated and should include all fixed and variable costs.
* For new projects (or expansions), you must account for all **start-up** costs.
* Include all **Capital costs** i.e. what you will spend on assets or items from which the business will get long term use such as buildings, furniture, equipment, certain resources etc.
* Also include all **Revenue costs** i.e. costs such as marketing, recruitment, staffing, rent, utilities etc. which are expected to be incurred before the business starts delivering the new places.

Detailed forecasts and workings can be included under the appendices section.

# Finance Needs

You can summarise the finance needs in this section and explain how you intend to fund these.

Your financial forecast may show a deficit in one or more months and this will give you an indication of any **additional financial needs** over the next 12 months.

For new projects or expansions, the projections or separate budget prepared will show the amount of additional funding or **start-up funding** required.

As an example, this may happen during school holidays when the income is expected to be low but the expenditure, especially fixed costs, will not reduce in the same proportion. This could result in a deficit in that month if the reserves from previous months are not sufficient to cover the shortfall.

Explain in detail how additional finance needs or start-up funding will be financed e.g. from other reserves, government grants, bank loans or other sources (such as fund injection from owners or investors).

Your rolling projections should indicate that the business will eventually generate sufficient surpluses to ensure that any borrowings can be paid back, and the business will become self-sustaining in the medium to long term.

Note down any finance needs indicated by your forecast or for new projects or expansion plans:

|  |
| --- |
| **State when, why, amounts needed, how you intend to fund these and other supporting information:** |
|  |

# Risks

You should be able to recognise and describe the inherent risks that your business can face.

Examples of risk factors:

* Lower than expected demand
* Variances in occupancy and take-up over the year
* Increasing costs of delivery
* Staff turnover
* Ofsted grading and FEEE compliance
* Increased Competition - new providers, schools offering Sole 30-hour places
* Factors affecting target client base e.g. effects on their employment, income and childcare needs due to the Covid-19 pandemic

Also describe what plans and actions you will put in place to **mitigate the effects of the risks**.

For example, there may be a risk that the take-up of services may fall below what you have forecast and the actions you can put in place could be a review of staff numbers and other costs.

Having realistic contingency plans will help you take timely action and ensure that your business remains sustainable in the long term.

# Appendices for your business plan

Include your overall **Action Plan** in this section.

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 from the list which is easy to update and review.
* Ensure that the plan is communicated to the management and other staff and it is kept updated and reviewed regularly.

In this section you can also include your:

* Market research and surveys
* Marketing action plan
* Detailed sales forecast and analysis
* Detailed financial projections

# Appendix 1 - PESTLE analysis

The letters stand for Political, Economic, Social, Technological, Legal and Environmental

This tool is used as a framework for analysing an organisation’s external macro environment.

The ‘macro’ environment refers to the factors which are not in the control and influence of the organisation but have a material impact on the business e.g. FEEE offers (2YO, 30 hours), FEEE Rates, Brexit, Covid-19 pandemic, National Living Wage, Workplace Pensions, Ofsted/EYFS requirements.

A PESTLE analysis provides an easy to understand snapshot of the factors and external challenges.

These can be used by a business analyst to assess the likely impact on the business.

There is some cross over between categories like Political and Legal and many factors may not necessarily ‘fit’ under just one heading but rather the headings guide you to think of the relevant factors.

PESTLE analysis factors feed into the Opportunities and Threats headings of a SWOT analysis (Appendix 5).

## PESTLE analysis – brief guidance

### Political

These factors are about how central government decisions can impact on the business and the economy. Typically, this will include political stability, trade laws, environmental laws, foreign trade policy, taxation policies, early years policies and guidance. These high-level factors can significantly alter the business landscape, so it is important for an organisation to be aware of and able to respond to.

### Economic

Interest rates, exchange rates and inflation can impact on an organisation’s ability to perform successfully. Funding rates for FEEE places, universal credit/tax credit system, tax free childcare for help with childcare costs for parents. Changes in the way consumers use their income is particularly important for business-to-consumer organisations.

### Social

These factors can often be referred to as socio-cultural and they reflect shared beliefs and attitudes of the population. Amongst these factors, organisations should consider areas like age distribution and changing attitudes to health, careers, use of childcare etc. These factors are important for understanding an organisation’s audience and what they respond to.

### Technological

The technological landscape is constantly changing, and this can affect the way in which a business operates in terms of efficiencies, investment and methods of communication. An organisation needs to be looking at trends in technology to ascertain the opportunities and threats any developments pose.

### Legal

An organisation needs to ensure that it is aware of, and operates, within the law. Consumer rights, product laws, advertising standards, product labelling are all obvious areas where an organisation needs to be clear of legislative restrictions.

### Environmental

They will largely focus on the use and availability of resources, sustainability and ethical business practices. There is often overlap with political and socio-cultural factors as these factors will reflect peoples changing views as well as government targets and initiatives.

### Template for a PESTLE analysis

|  |  |
| --- | --- |
| **Area** | **Detail** |
| **Political** |  |
| **Economic** |  |
| **Social** |  |
| **Technological** |  |
| **Legal** |  |
| **Environmental** |  |

# Appendix 2 - Management and Staffing structure

Example of a staff structure chart showing roles:

 

## Template to record information about your staff team

| **Name and job title** | **Responsibilities** | **Qualifications** | **Experience** | **Training, skills and other attributes** |
| --- | --- | --- | --- | --- |
|  |  |  |  |  |

# Appendix 3 - SWOT analysis

SWOT analysis is a strategic planning technique used to identify strengths, weaknesses, opportunities, and threats related to a business.

Strengths and weakness are frequently of an internal nature whilst opportunities and threats are commonly because of the external environment.

* **Strengths -** characteristics of the business or project that give it an advantage over others.
* **Weaknesses -** characteristics of the business that place the business or project at a disadvantage relative to others.
* **Opportunities -** elements in the environment that the business or project could exploit to its advantage.
* **Threats -** elements in the environment that could cause trouble for the business or project.

## Template for a SWOT analysis

| **Internal factors** | **External factors** |
| --- | --- |
| **Strengths** | **Opportunities** |
| **Weaknesses** | **Threats** |