

MONTANA CHILD CARE BUSINESS
CONNECT

What is a Business Plan?

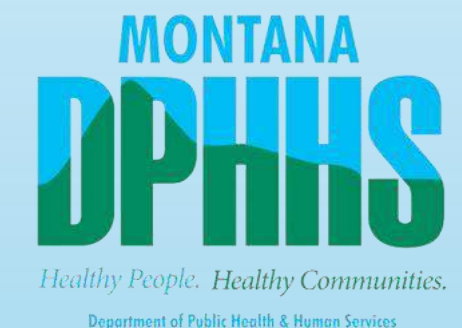
Thursday, January 12, 2023
Part 2 of 7 in the Tiny Training Series



Small Business Support. Big Community Impact.



ZEROTOFIVE
MONTANA



What is: The 'Tiny Training Series'

Statement of Purpose

- Series of seven, 30-minute webinars
- 2nd and 4th Thursdays every month at 1:30pm (naptime)
- Attendance of four equals 2 hours of ECP credits
- Define basic business concepts
- Feature Business Connect Partners
- Prepare participants for 'How-to' Series in Spring/Summer 2023

2023 Prof. Dev. Schedule

- ~~January 5: What is Business Connect?~~
- January 12: What is a Business Plan?
- January 26: What are the 4 Ways to Increase Profit?
- February 9: What is a Cooperative?
- February 15: Precision Pricing for Centers (2 hrs)
- February 23: What is Cost-Informed Rate Setting?
- February 27: Precision Pricing for Family (2hrs)
- March 6: Policies & Practices (2 hrs)
- March 9: What are Different Types of Marketing?
- March 15: Board Governance for Child Care (2 hrs)
- March 23: What is Risk Management?

What is:



ZEROTOFIVE
MONTANA

Founded in:

2018

Our Promise is:

To stabilize, innovate, and build the early childhood system in Montana so families and communities can thrive.

Expansion in:

2022; with unprecedented investment in the childcare industry through MT DPHHS with ARPA funds.

MONTANA CHILD CARE BUSINESS

What is: **CONNECT**



Launched in:

2022

Focusing on:

Supporting communities and entrepreneurs with business elements of starting, owning and operating child care programs. We are Montana statewide hub for childcare business development and innovation

Critical Areas:

Training, Technical Assistance, Mentorship, Community Capacity Building, Web-Resource Hub

Staffed by:

Rhonda Schwenke, Jason Nitschke, Heide Borgonovo, Community Navigator, Program Assistant

Jason Nitschke; MA, EDFP

Senior Child Care Business Advisor



*"Helping entrepreneurs turn
visions into reality"*

Education

- 2002 – M.A. Communications – Hawaii Pacific University
- 1997 – B.A. Journalism/Political Science – University of Montana

Economic Development

- 2019-2022 – Vice President – Great Falls Development Authority
- 2014-2022 – Regional Director – Great Falls area Small Business Development Center (SBDC)
- Entrepreneurship
- 2011-2012 -- Carondelet Estate Services, LLC; St. Louis, MO
- 2000-2002 -- JNitschke Photography; Denver, CO

Certifications

- 2021 – Certified PeerSpectives Facilitator – Edward Lowe Foundation
- 2017 – Certified Export Counselor – U.S. Small Business Administration
- 2017 – Certified Profit Mastery Facilitator – Business Resource Services
- 2015 -- Economic Development Finance Prof. (EDFP) – National Development Council
- 2015 -- Accredited Small Business Consultant (ASBC) – Association of Accredited Small Business Consultants
- 2015 -- Certified Business Advisor – GrowthWheel International

Recognitions

- 2022 – Boots to Business National Instructor of the Year – U.S. Small Business Administration
- 2018 – Montana SBDC State Star
- 2010 – Television News Enterprise Award – Montana Broadcasters Association
- 2009 – Television Sports Reporting Award – Society of Professional Journalists
- 2007 – Television Sports Enterprise Award – Montana Broadcasters Association

Goals for Today

- I. Discuss how business plans are used
- II. Identify components of a plan
- III. Define the components of a plan
- IV. Explore how to create a plan

But First...Some Data

According to the [U.S. Small Business Administration](#):

67.6% survive 2 years

48.9% survive 5 years

33.6% survive 10 years

25.7% survive 15 years

According to the [National Women's Business Council](#):

Women-Owned Firms Grow Faster than Male-Owned Firms

8.8% of jobs lost during pandemic in Top 10 women-owned industries

Women are more likely to make value-based business investments

Women are less likely to do due diligence on startups

But First...Some Data

Businesses that “plan” have a statistical advantage:

33% more growth

40% less likely to fail

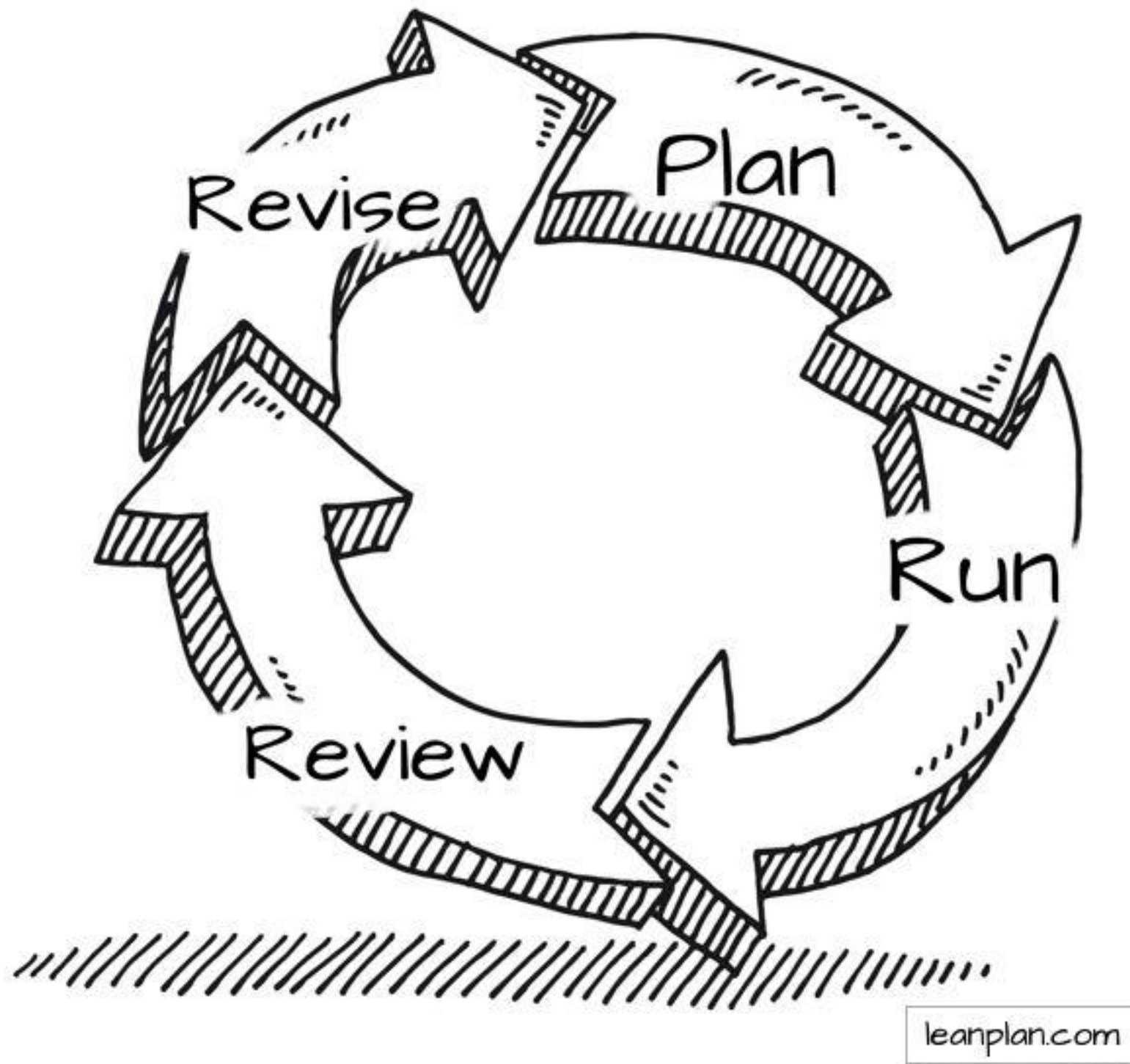
60% of failed SMBs were profitable

129% stronger start, push through startup phase faster

I. How Plans Are Used

Business plans are:

- A. Storage Devices
- B. Task Lists, Goals, & Accomplishments
- C. Communication Tools



I. How Plans Are Used

A. Storage Devices...They Hold Documents, Thoughts, and Decisions

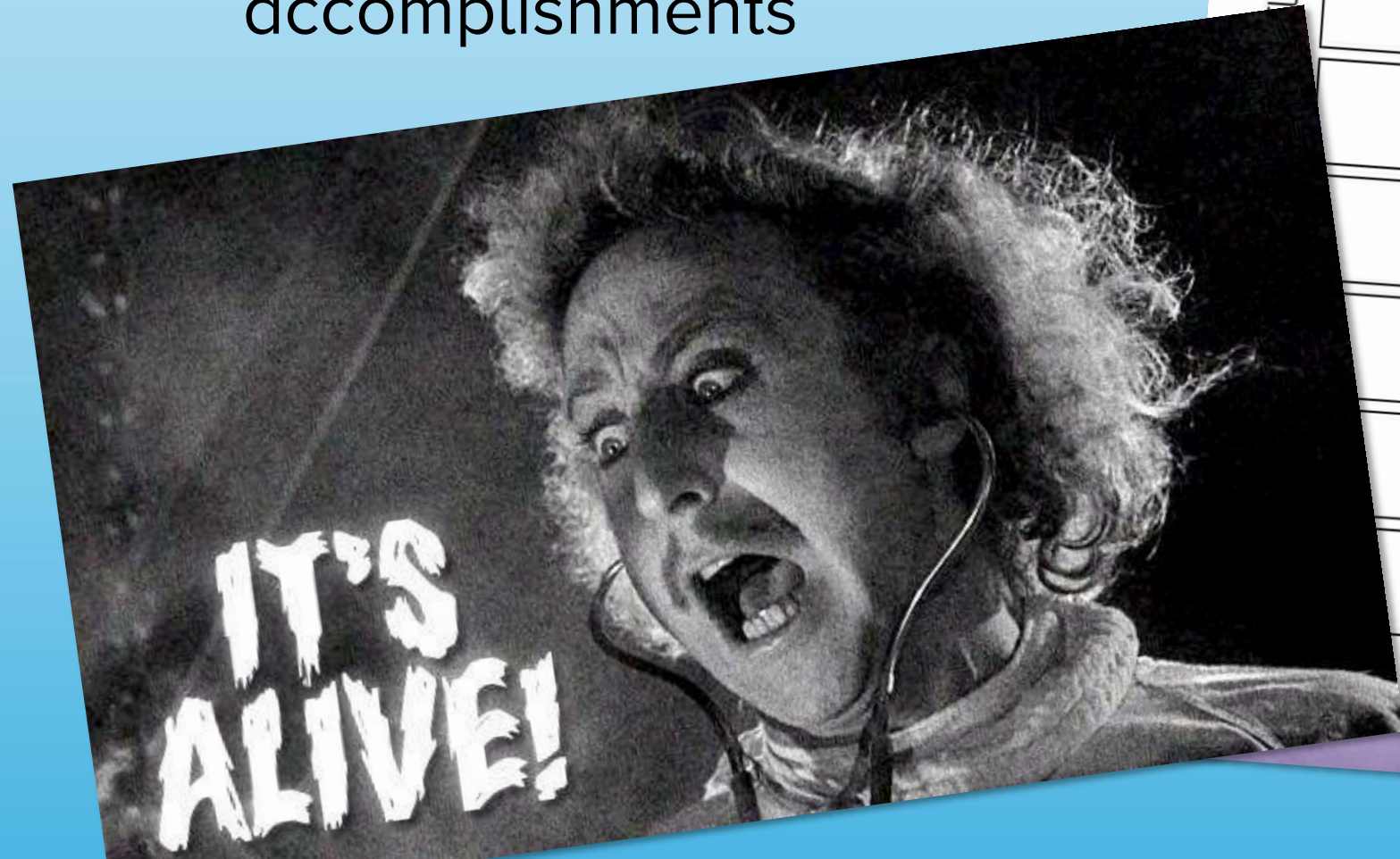
1. What kind?
 - a. Analysis of customers
 - b. Analysis of competitors
 - c. Analysis of the market
 - d. Analysis of the industry
 - e. Promotional Strategies
 - f. Policies, Procedures, Protocols
 - g. Budgets, Statements, Assumptions
 - h. Attachments



I. How Plans Are Used

B. Task Lists, Goals, Accomplishments

1. To-Do's
2. Lists of strategic goals
3. Timelines for achieving goals
4. Documentation of the accomplishments



I. How Plans Are Used

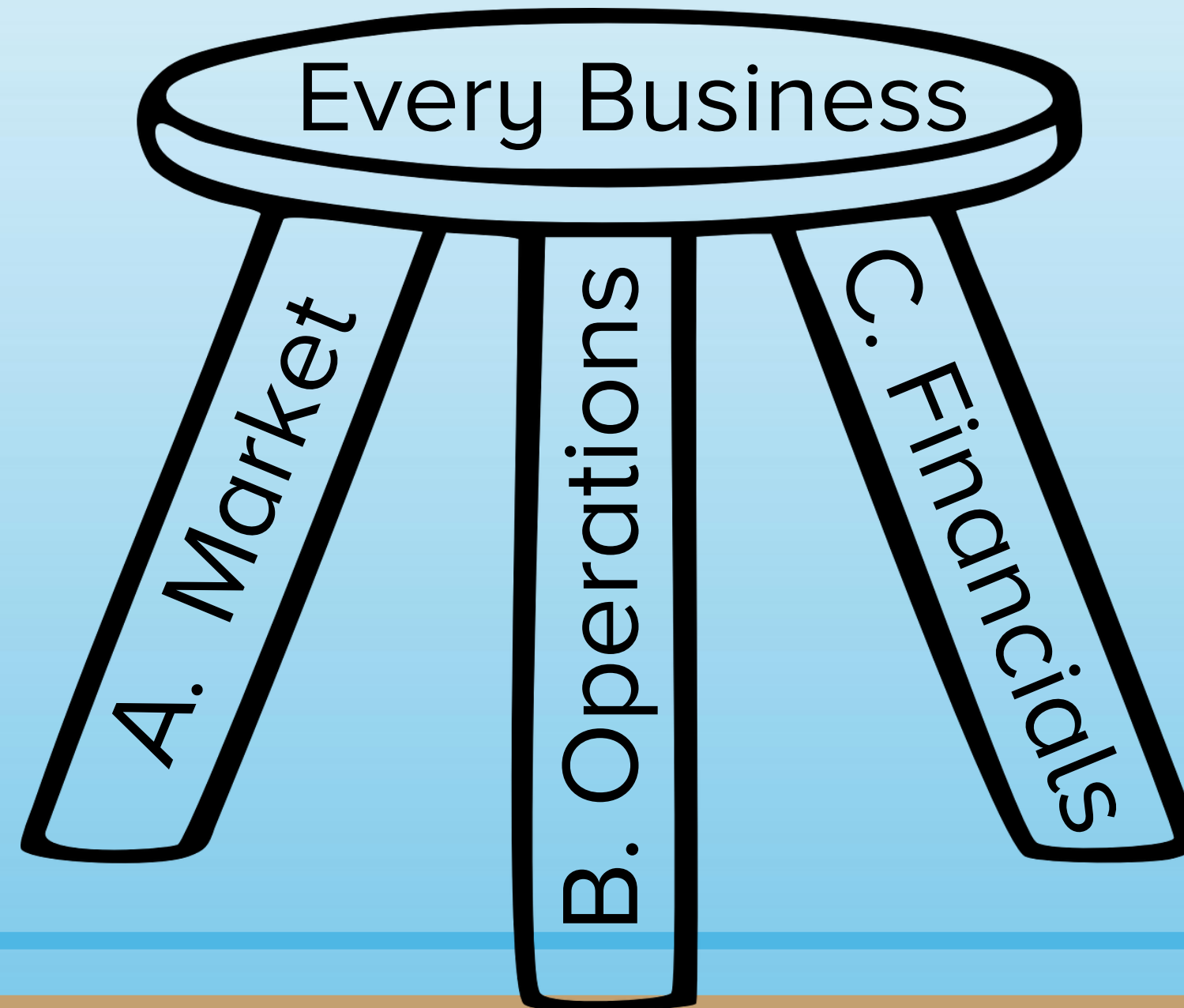
C. Communication Tools

1. To whom?
 - a. Your future self
 - b. Your staff
 - c. Your partners
 - d. Sources of capital (banks and investors)



II. What are the Basic Elements?

Three Legs of the Stool



III. Define the Components

What do these terms mean?

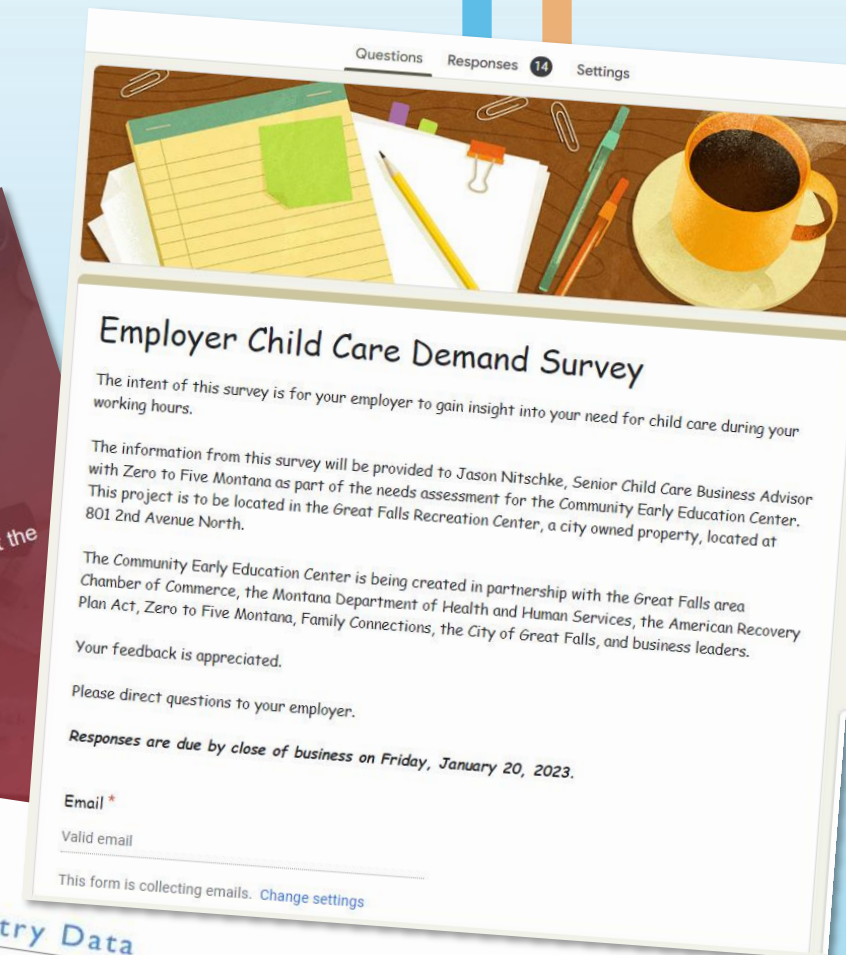
A. The Market

1. Market Research

a. Primary and Secondary Market

Research

- a. Demographics & Psychographics about your target customers
- b. Competitive Environment
- c. Industry & Market specific trends

The image shows a Sageworks Industry Data report for "Child Day Care Services". The report includes the following information: Industry: 624410 - Child Day Care Services; Sales Range: Yearly sales under \$1 Million; Location: All Areas; Prepared On: 12/2/2022. The main section is titled "INDUSTRY FINANCIAL DATA AND RATIOS" and is subtitled "Average by Year (Number of Financial Statements)". The table below shows various financial metrics over time.

Financial Metric	Last 12 Months	2021	2020	Last 5 Years	All Years
Current Ratio	(274)	(364)	(679)	(3,094)	(8,457)
Quick Ratio	5.79	5.22	4.07	3.66	3.07
Gross Profit Margin	4.73	4.58	3.36	3.11	2.58
Net Profit Margin	98.26%	97.90%	97.36%	97.43%	97.10%
Inventory Days	16.20%	16.50%	5.57%	7.34%	5.16%
Accounts Receivable Days	--	--	--	--	--
Accounts Payable Days	1.56	1.74	1.28	1.56	2.05
Interest Coverage Ratio	0.45	0.43	1.19	0.91	1.24
Debt-to-Equity Ratio	9.20	11.89	5.73	8.05	7.69
Debt Service Coverage Ratio	2.76	3.16	3.45	3.41	3.66
Return on Equity	5.16	4.06	4.15	4.04	4.04
Return on Assets	65.25%	71.76%			
Gross Profit Margin					

III. Define the Components

What do these terms mean?

A. The Market

2. Marketing Plan – the Four P's (product, price, place, promotion)

- a. Assets to Promote and Manage the Brand
- b. Strategies to Promote and Manage the Brand
- c. Tools to Promote and Manage the Brand
- d. Alignment of assets, strategies, and tools with the target customer

III. Define the Components

What do these terms mean?

B. The Operation

1. Entity, Regulatory, & Taxation Issues

Legal Entity:	(ABN, LLC, S-Corp, etc.)
Licensing:	Federal & State (Professional & Occupational)
Licensing:	Local Jurisdiction (City/County)
Taxes:	Federal Employer ID Number (FEIN)
Taxes:	State & Federal Withholding
Taxes & Insurance:	Worker's Comp/Unemployment
Other:	Zoning Regulations & Building Permits

IV. Define the Components

What do these terms mean?

B. The Operation

2. Internal Policies

Human Resources

Compensation & Benefits

Background Checks

Money Handling

Residency (I-9)

Social Media

Performance Management

Vaccination

Credit (APs & ARs)

CyberSecurity

Harassment/Discrimination

Breaks

III. Define the Components

What do these terms mean?

B. The Operation

3. Internal Procedures

Labor Law Posters

Costs & Techniques

Customer Service

Bookkeeping Procedures

Occupational & Workplace Safety

Quality/Inventory Control

Record Keeping & Record Retention

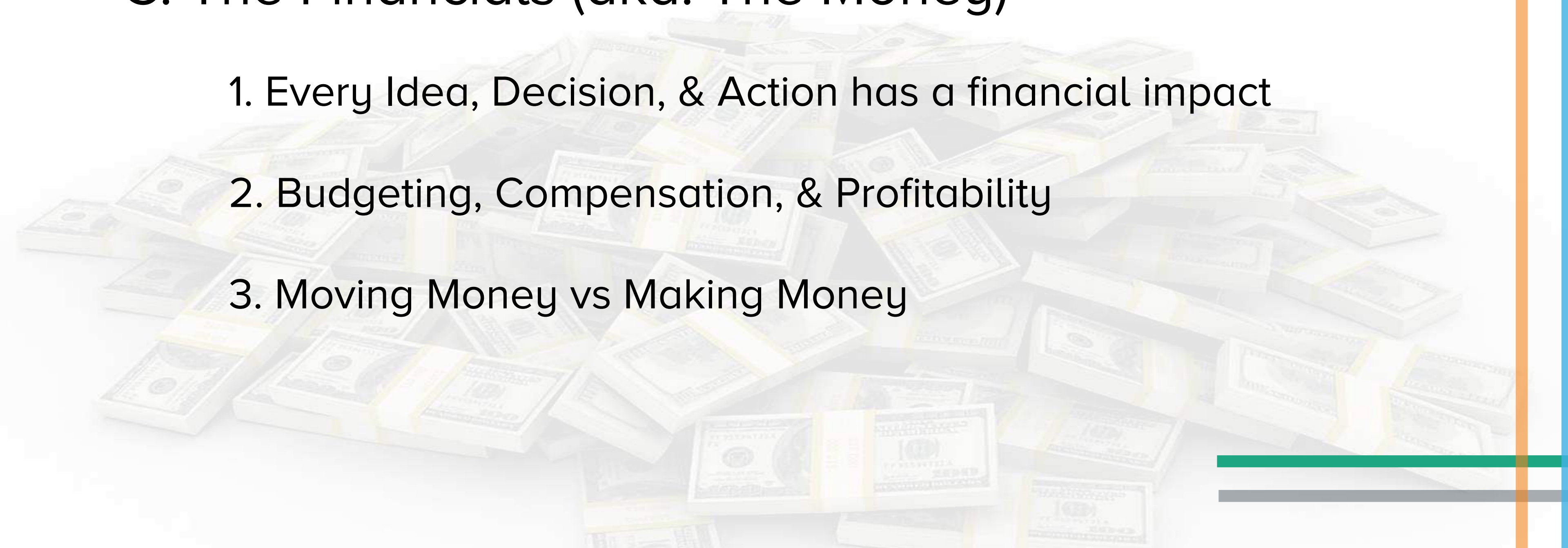
Insurance Types & Limits

III. Define the Components

What do these terms mean?

C. The Financials (aka: The Money)

1. Every Idea, Decision, & Action has a financial impact
2. Budgeting, Compensation, & Profitability
3. Moving Money vs Making Money



III. Define the Components

What do these terms mean?

C. The Financial Statements

1. Income Statements (Profit & Loss)
2. Balance Sheets
3. Statement of Cash Flow

IV. How to Create a Plan

There are a number of ways to plan.

Question: *What is the most common storage location for a "Business Plan"?*

Answer: *Your brain!*

- Start with the intent of the plan
 - Ask yourself: Who is the audience?
- By knowing the audience, we can determine what they want to see and how they want to see it.
- The audience can then determine the tool we'll use to document the plan

IV. Tools to Document a Plan

Determining the Type of Plan for You

Traditional

- Audience?
 - Sources of capital
 - Risk managers (aka insurance)
 - Rational/Logical thinkers

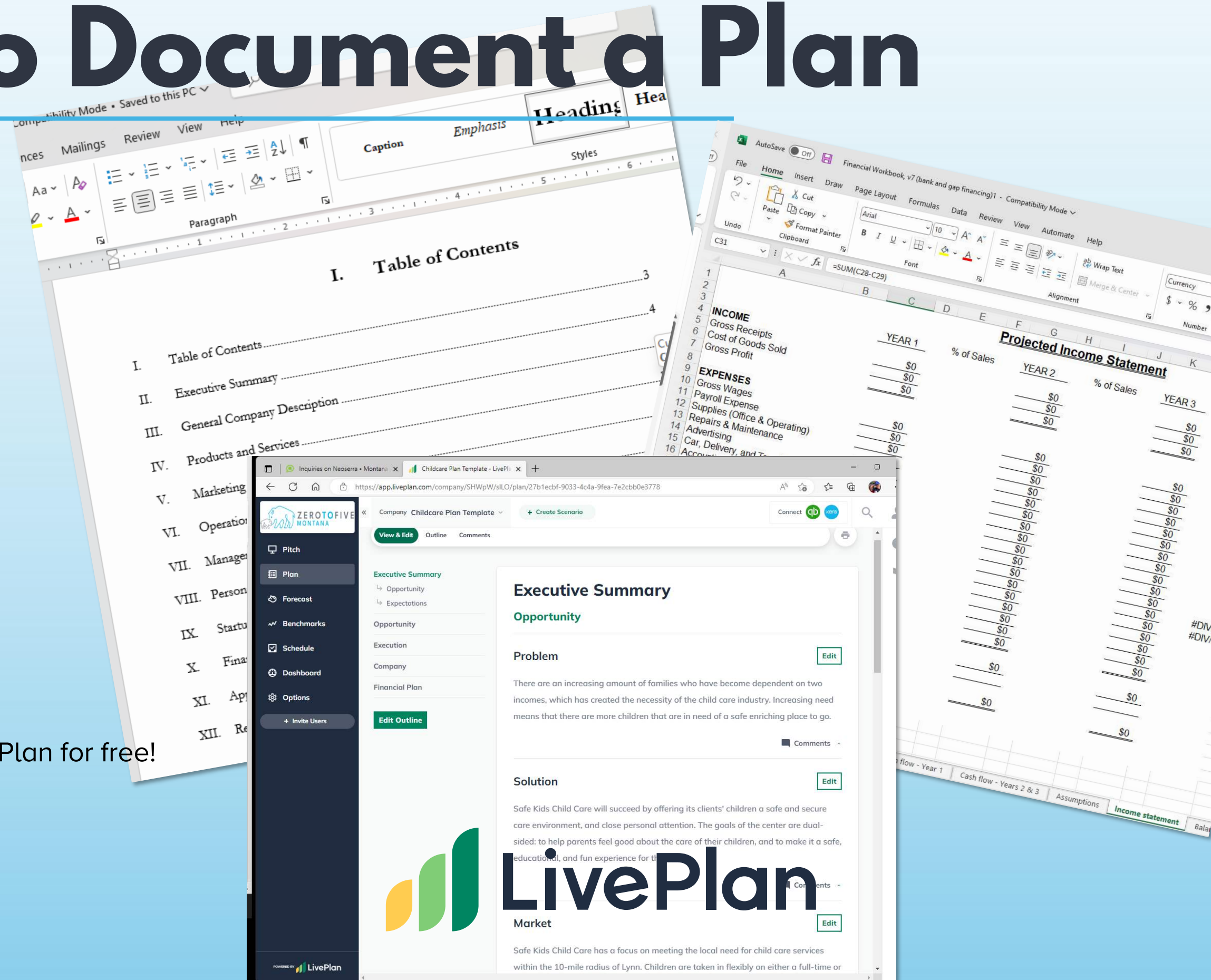
Non-Traditional

- Audience?
 - Probably just you
 - Doers
 - Seeking minimum viable product
 - In preparation for a traditional plan

IV. Tools to Document a Plan

Traditional

- Microsoft Word
- Microsoft Excel
- Cloud-based software
 - Example: LivePlan
 - <https://www.liveplan.com/>
 - Ask me how to get access to LivePlan for free!

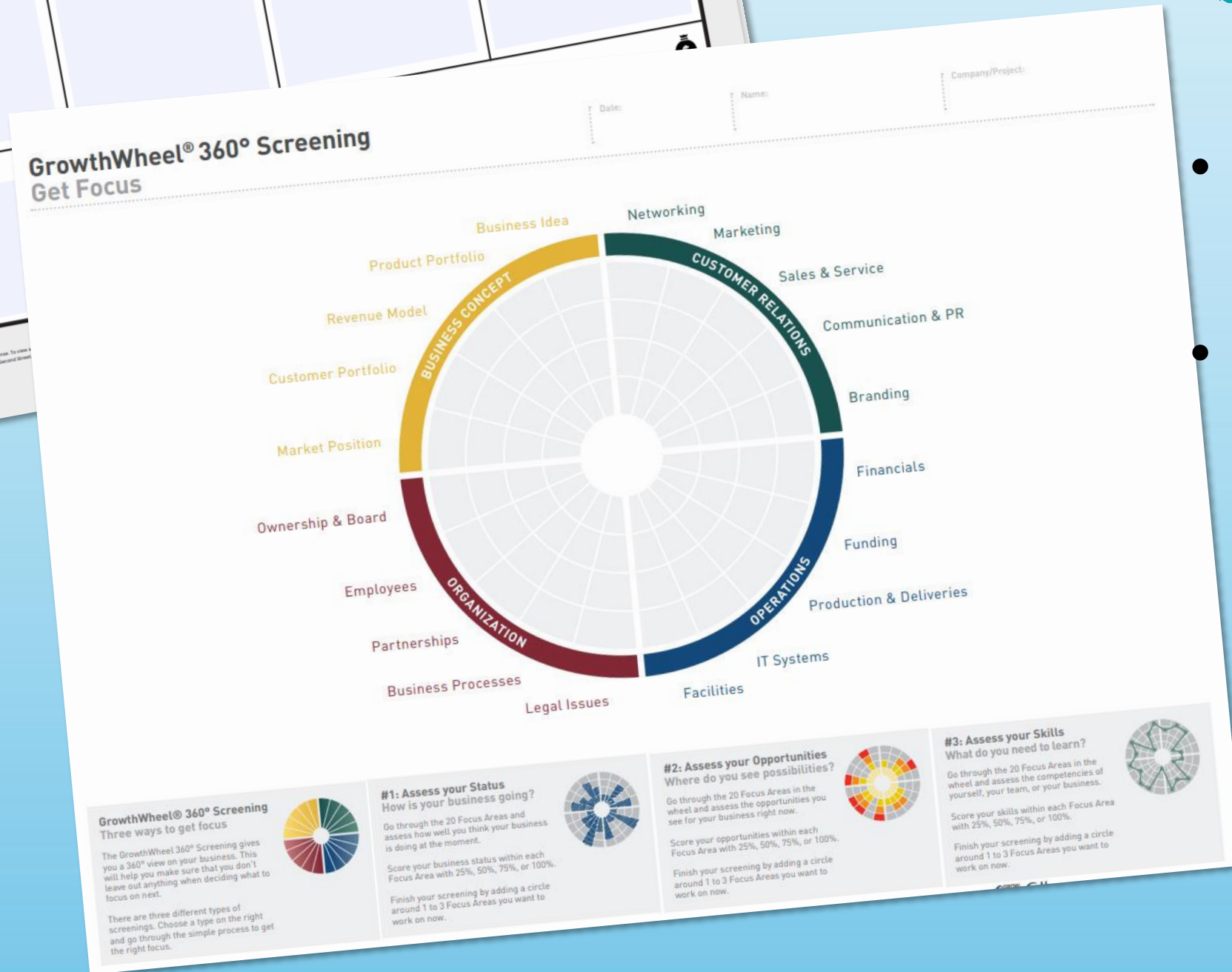
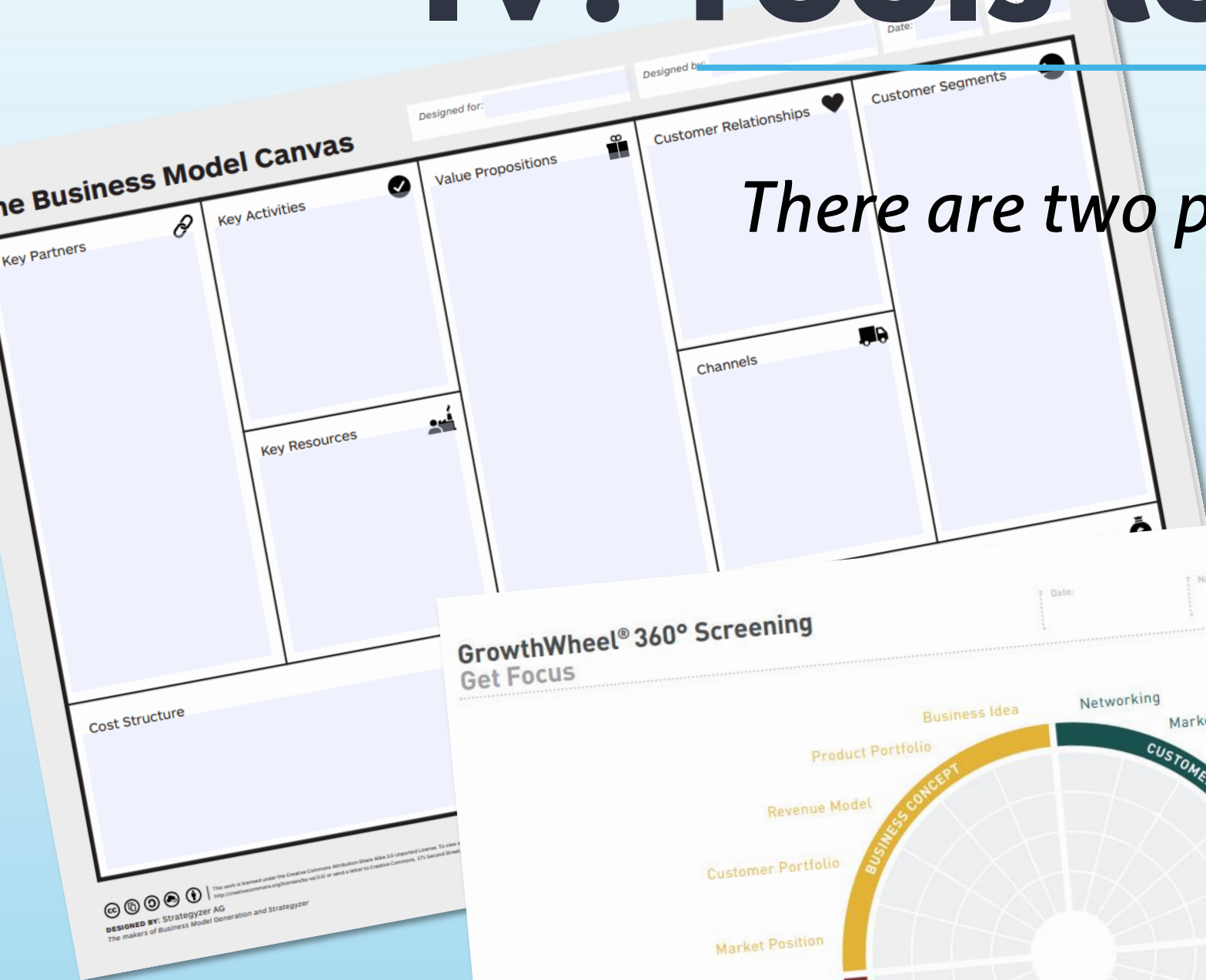


IV. Tools to Document a Plan

There are two primary ways to document a plan:

Non-Traditional

- Business Model Canvas
 - <https://www.strategyzer.com/canvas/business-model-canvas>
- GrowthWheel
 - <https://www.growthwheel.com/whatisgrowthwheel>





Summary

What we've learned:

Plans are what you want them to be

Plans can be what you need them to be

Plans drive profitability and cash flow

Plans include three basic elements

Plans reduce uncertainty & risk

Plans help manage time

Plans create focus

Coming Up:

1/26/23: What are the 4 Ways to Increase Profit?

- Registration link:
- [https://www.mtecregistry.mtecp.org/v7/trainings/search/\(slider-new:517383/detail\)](https://www.mtecregistry.mtecp.org/v7/trainings/search/(slider-new:517383/detail))

2/9/23: What is a Cooperative?

- Registration link:
- [https://www.mtecregistry.mtecp.org/v7/trainings/search/\(slider-new:517383/detail\)](https://www.mtecregistry.mtecp.org/v7/trainings/search/(slider-new:517383/detail))

2/23/23: What is Cost-Informed Rate Setting?

- Registration link:
- [https://www.mtecregistry.mtecp.org/v7/trainings/search/\(slider-new:517383/detail\)](https://www.mtecregistry.mtecp.org/v7/trainings/search/(slider-new:517383/detail))

3/9/23: What are the Types of Marketing?

- Registration link:
- [https://www.mtecregistry.mtecp.org/v7/trainings/search/\(slider-new:517383/detail\)](https://www.mtecregistry.mtecp.org/v7/trainings/search/(slider-new:517383/detail))

3/23/23: What is Risk Management?

- Registration link:
- [https://www.mtecregistry.mtecp.org/v7/trainings/search/\(slider-new:517383/detail\)](https://www.mtecregistry.mtecp.org/v7/trainings/search/(slider-new:517383/detail))

Past Recordings Available At:

On-Demand Webinars: <https://zerotofive.org/child-care-business-connect/>



Connect with Business Connect!

- Website: <https://zerotofive.org/child-care-business-connect/>
- Email: JasonN@ZeroToFive.org
- Formally Request Assistance: <https://mtsfdc.ecenterdirect.com/signup?centerid=21>
- Schedule a Meeting: <https://jason-nit.youcanbook.me/>
- Newsletter: <https://zerotofive.org/take-action/>

Social:



@zerotofivemt



@zerotofivemt



@ZeroToFiveMT



@zerotofivemontana



ZEROTOFIVE
MONTANA



How'd We Do?

