Expansion Planning Checklist

Expansion Best Practices
Expanding a child care business can increase impact, improve financial performance, and strengthen long-term sustainability.

Expansion means increasing capacity, geographic reach, or market share. It can include adding enrollment, classrooms, facilities, locations, or acquiring another child care business. Because growth increases complexity, risk, and leadership responsibility, evaluate demand, operations, leadership capacity, and financial feasibility before committing time or money.

Use this checklist to evaluate whether expansion is supported by verified market demand, adequate capital, operational readiness, and leadership capacity.

DEFINE YOUR EXPANSION STRATEGY

- ❑ Clarify why you want to expand and how it supports your personal, professional, financial, and community-impact goals.
- ❑ Choose the expansion model that best fits your goals: increase enrollment, add classrooms or age groups, move to a larger facility, open another location, merge with or acquire another child care business, or purchase a competitor's assets, enrollment, or facility.
- ❑ Consider how growth will affect your role, workload, work-life balance, and long-term business value.
- ❑ Create an implementation timeline by determining when the project will be completed as well as major and minor accomplishments during the implementation period.

TEST MARKET DEMAND

- ❑ Evaluate local demographics, competitors, child care deserts, waiting lists, enrollment inquiries, and employer demand.
- ❑ Identify underserved age groups, service gaps, and whether demand is temporary or sustainable.
- ❑ Avoid expanding based solely on intuition, anecdotes, or short-term pressure, such as grant deadlines.

EVALUATE FACILITY AND REAL ESTATE OPTIONS

- ❑ Determine whether leasing, purchasing, renovating, or relocating best supports your long-term objectives.
- ❑ Assess property conditions, renovation needs, inspections, utilities, water capacity, parking, traffic flow, outdoor play space, and room for future growth.
- ❑ Confirm required site improvements before signing a lease, purchase agreement, or construction contract.

RESEARCH REGULATORY REQUIREMENTS

- ❑ Contact planning, zoning, code enforcement, fire, health, safety, environmental health, and licensing officials, prior to signing any lease or purchase agreements or investing capital into the project.
- ❑ Confirm the intended use is permitted and understand approval processes, timelines, occupancy limits, and building code requirements.
- ❑ Research local requirements that may vary by town, city, county, or tribal jurisdiction before acquiring, renovating, or constructing a facility.

BUILD THE PROJECT PLAN

- ❑ Develop a written expansion plan with goals, measurable outcomes, milestones, responsibilities, risks, and contingency plans.
- ❑ Identify needed advisors, such as architects, engineers, contractors, lenders, real estate professionals, attorneys, insurance professionals, child care business advisors, and child care licensing specialists.

COMPLETE FINANCIAL FEASIBILITY ANALYSIS

- ❑ Estimate total project costs, including acquisition, renovations or construction, furniture, fixtures, equipment, licensing, technology, professional services, and working capital reserves.
- ❑ Prepare income and expense projections, expected enrollment, break-even occupancy, and conservative stress tests.
- ❑ Evaluate the impact of lower-than-expected enrollment and unexpected operating disruptions.
- ❑ Determine available owner equity and lender requirements; many programs require equity contributions of approximately 10% to 30% of total project costs before financing is approved.

PLAN FOR TALENT AND OPERATIONS

- ❑ Develop recruitment and retention strategies before expansion occurs, including wage and benefit competitiveness.
- ❑ Identify future leadership needs, update reporting relationships, and create succession or contingency plans for key positions.
- ❑ Ensure policies, procedures, payroll, bookkeeping, enrollment management, compliance, and HR systems can support a larger organization.

REDESIGN LEADERSHIP RESPONSIBILITIES

- ❑ Define how ownership responsibilities will change as the organization grows, particularly when looking at multi-site expansion, and which duties can be delegated.
- ❑ Develop roles for directors, administrators, and management staff, supported by accountability structures and clear performance expectations.
- ❑ Shift from owner-operator thinking to systems-based leadership and invest in leadership development for yourself and your team.

A common expansion challenge is trying to manage a larger business with systems designed for a smaller one. The role that built the business may not be the role needed for the next stage of growth.

Expansion is a significant investment of time, capital, and leadership energy. Careful planning can reduce risk and improve the likelihood of long-term success.

Successful growth is not simply adding enrollment or facilities; it requires stronger systems, future leaders, and the capacity to support a larger operation.

Before committing to an expansion project, entrepreneurs should be able to answer several practical procedural questions: What should I do first? Which local officials should I contact before signing a lease or purchase agreement? What questions should I ask licensing, zoning, fire, health, code enforcement, lenders, landlords, contractors, and other advisors? What documents and cost estimates should I gather before seeking financing? What conditions would make this project too risky or require a different approach?

For project-specific direction on what to do first, which questions to ask, how to sequence due diligence, and how to evaluate expansion opportunities, financial feasibility, leadership planning, or project development, contact Zero to Five Montana's Senior Child Care Business Advisor Jason Nitschke at JasonN@ZerotoFive.org or 406-402-2455.