

Success: An Example

Mary is a family child care provider who grew her business in her own home with the help of Small Business Administration resources.

Mary is a single mother. She had to figure out how to support herself and her son because she received no income or support from the father. She loves children, and decided that she wanted to care for children in her home. But Mary realized that she needed to take several steps to make her child care business a reality.

Mary contacted the Office of Child Care Services (OCCS) to find out about how to get a license to care for children in her home. OCCS sent her information and explained that she needed to contact her local Child Care Resource and Referral Agency to register for a family child care orientation.

Before investing her time in an orientation, Mary began with a "feasibility study" to figure out if it made financial sense for her to open a child care program. Mary took a look at the child care market where she lived to determine if opening her own child care business would be profitable. Upon determining that it was, Mary next turned to creating a business plan. Mary had to think about whether child care was the right business for her, and if so, what her child care business would do: How old are the children she would serve? How many children would she care for? How many hours per week would she operate? How could she make her business profitable?

Mary was unsure of her business plan. She contacted the Small Business Development Center (SBDC) in her community for help. She met with staff at the SBDC who helped her revise her plan and think through tough questions. Feeling more confident about her plan, and her ability to succeed as a child care entrepreneur, Mary decided to pursue her desire to care for children.

Mary attended the OCCS orientation. It helped Mary to understand what was required of her as a child care provider. Next, Mary was visited by an OCCS licensor who told her that she would need to add a fence around the backyard pool, and a guardrail around the wood stove. These minor renovations were needed to ensure that her property would be safe for kids. The total cost was \$1000 for improvements.

Mary had no idea how she would pay for the required renovations. She got back in touch with the SBDC, which was so helpful with business advice before. After looking over Mary's paperwork, the SBDC sent Mary to an organization, known as a "microlender," that specializes in loans to small businesses.

Mary went to the microlender and met with staff who reviewed her business plan to understand how Mary would run her child care program. The microlender and Mary discussed her needs and the various loan options available to small businesses. Based on the paperwork provided, the microlender identified a loan that Mary would qualify for. Although Mary had never taken out a loan before, she decided that she could run her business effectively and pay it back over time. The microlender agreed and approved her for the full \$1000 amount. The loan was disbursed a month later, allowing Mary to complete the required renovations.

Today, Mary is a licensed child care provider. She is able to support herself and her family by caring for six children through her family child care business.

Although Mary did face many challenges, she found that there are resources available to assist her. This guide is designed to help you explore the business side of child care and provide you with resources to help you succeed.

Assessing Feasibility: Will my child care business pay off?

Before you begin to invest your time, energy and resources into starting a child care business, use the materials in this section to plan ahead and figure out whether it is right for you. Does running a child care business from home make financial sense for you? Will it pay off, and allow you to better support your family? Are there decisions you can make early on that will help to make your business a success?

The following "feasibility worksheets" will take you through the process of answering these questions. To start, you will make some assumptions that allow you to estimate the amount of money that would be coming in and going out. For example, you will be asked to make assumptions about the number of children you will serve, the amount you will charge to care for them, the number of hours you will work, and the amount of money you will pay yourself and/or other staff. As you will see, these assumptions can be changed. But these estimates will help you anticipate the finances of your new child care business, and identify opportunities to improve your plan.

Next, the feasibility worksheet will ask you, based on the assumptions you made, to determine the amount of "revenue" or money coming in - usually fees charged to parents per child. It will also ask you to figure out your "operating expenses" or the amount of money it will cost you to run the child care day-to-day - usually staff salary and food expenses, as well as the "general expenses" such as educational toys, equipment, and insurance.

Finally, because you will be running this child care business from your home, the feasibility worksheets will ask you questions about your home and living expenses. In one section, you will be asked to estimate home expenses related to your business. These business expenses can be deducted from your taxes and save you money, so keep careful records! In the final section, you will be asked to review your personal living expenses so that you can see how your income from the child care business compares to your family's needs.

If you see that the estimated income from the child care business is much less than your living expenses, look at the assumptions you have made. Can you care for an additional child? Can you charge more?

If you need help completing the feasibility worksheet, or would like to discuss your options with a professional, you can contact a Family Child Care System, a Child Care Resource and Referral Agency (CCRRA), a Small Business Development Center (SBDC), or a member of the Service Corps of Retired Executives (SCORE) in your area. Check the Directory at the back of this guide for a complete listing. Here's an example to get you started:

Rosie's Family Child Care Business

Rosie is licensed under OCCS regulations to care for up to six children in her home. She plans on caring for children between the ages of two and five in part because it enables her to run her business without any other licensed staff. She has already completed the minor renovations needed to make her home safe for children. Rosie next explores the ways she can obtain the educational toys, furnishings and supplies needed to run her family child care business. She decides to join a family child care system because it will provide her with access to equipment, as well as offer on-going training and refer parents seeking child care to her business.

Revenue

Rosie must first determine the amount of money she can expect to be generated by her business. Although parent fees are the usual source of income. Rosie lives in a low-income community. Parents in this community may qualify for federal and state assistance, known as subsidies, that partially covers their child care fees under a "reimbursement rate." To assist families in her community, Rosie obtains information about these programs from her local Child Care Resource and Referral Agency and her local Family Child Care System. She knows what information to collect from parents to participate in these programs. Rosie knows that her "reimbursement rate" will depend on the age of the children in her care and on her location. Based on these factors, Rosie estimates that she will be paid \$24.00 per day child for full day care and \$12.00 per day child for part day care.

Rosie has already filled the maximum six slots for some of the days. She knows that four children will be attending on a full day basis five days per week, and that two other children will attend full days twice per week. She also estimates that she will have three additional children attending two half days per week on days that the six slots are not already filled. Rosie assumes that the children will attend 50 weeks per year because of her vacation time and that of the parents. Rosie also looks up the food reimbursement rates and knows she will receive an additional \$6.00 per day/child for breakfast and lunch.

Here is how Rosie projects her revenue:

Tuition

4 full day kids X 5 days/week X 50 weeks X \$24/day =	\$24,000
2 full day kids X 2 days/week X 50 weeks X \$24/day =	\$ 4,800
3 half day kids X 2 days/week X 50 weeks X \$12/day =	\$ 3,600

Meal Reimbursement

4 full day kids X 5 days/week X 50 weeks X \$6/day =	\$ 6,000
2 full day kids X 2 days/week X 50 weeks X \$6/day =	\$ 1,200
3 half day kid X 2 days/week X 50 weeks X \$3/day =	\$ 900

Rosie estimates her annual revenues to be the sum of the numbers above = **\$40,500**

Direct Business Expenses

Rosie calculates her direct business expenses to include proper food, drink and supplies for the children at \$3/meal/child. This is the same as her meal reimbursement rate, so she will not be making a profit by feeding the children. In order to keep her business well-supplied, she estimates that she will spend an additional \$30/month for educational toys, art supplies, and games. Office supplies will average \$10/month. To ensure that she is able to maintain all slots, she prints flyers, places an ad in her local paper and upgrades the sign in her yard each August, costing an additional \$150/year for advertising. Rosie will also spend \$600 to have a tax return prepared in March, although she will handle the record keeping duties herself. Rosie pays additional liability insurance for her business (on top of her renter's policy) of \$33/month.

Here is how Rosie projects her direct business expenses:

Meal Expenses

4 full day kids X 5 days/week X 50 weeks X \$6/day =	\$ 6,000
2 full day kids X 2 days/week X 50 weeks X \$6/day =	\$ 1,200
3 half day kid X 2 days/week X 50 weeks X \$3/day =	\$ 900

Supplies

\$30 educational toys, art supplies, and games X 12 months =	\$ 360
\$10 office supplies X 12 months	\$ 120

Insurance

\$33/month x 12 months =	\$ 396
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Other

Advertising	\$ 150
Tax Preparation	\$ 600

Rosie estimates her direct expenses to be the total of the numbers above = **\$ 9,726**

Knowing her revenues and expenses, Rosie finds that she is making \$30,774 per year from her business. This is her "income," or the amount of money she expects to make after paying her direct business expenses. However, Rosie has personal expenses and she wants to make sure that her net income is sufficient to live on.

PERSONAL EXPENSES

Rosie has two school-aged children. She lives in a 1,500 sq. ft. apartment and has set aside the OCCS minimum of 225 sq. ft. for her child care business. Her rent is \$1,200/month and her utilities (e.g. gas, electric, cable TV, phone, etc.) average \$300/month. Her rental insurance costs her an additional \$75/month. She spends \$450/month on food. She spends about \$1,200/year on clothing. Rosie does not own a car, and she spends \$57/month on transportation. She and her family spend about \$100/month on entertainment.

Here is how Rosie projects her personal expenses:

Rent (\$1,200/month X 12 months) =	\$14,400
Utilities (\$300/month X 12 months) =	\$ 3,600
Insurance (\$75/month X 12 months) =	\$ 900
Food (\$450/month X 12 months) =	\$ 5,400
Clothing (\$1,200 per year) =	\$ 1,200
Transportation (\$57.00/month X 12 months) =	\$ 684
Entertainment (\$100/month X 12 months) =	\$ 1,200
Credit Card Debt (Rosie has no credit card debt)	0

Rosie estimates her personal expenses to be = **\$27,384**

While Rosie has not calculated her tax payments, she can see that her business will be successful because she has determined that she will be able to save \$3,390/year (The \$30,774 that her business will make MINUS the \$27,384 that it costs her to live).

Understanding the Numbers: Feasibility Worksheet

Rosie uses her calculations and assumptions made in the sections above to fill out a feasibility worksheet. You can use the same worksheet by filling in the second column titled "Your Family Child Care."

	Your Family Child Care	Rosie's Family Child Care
REVENUE - Tuition		
Daily Rate		
Full Day Private Pay Rate		
Half Day Private Pay Rate		
Full Day Reimbursement Rate		\$24
Half Day Reimbursement Rate		\$12
Private Pay Revenue		
Full day		
Full day		
Half day		
Half day		
Reimbursement Revenue		
Full day		(5 days x 4 kids) = \$480
Full day		(2 days x 2 kids) = \$96
Half day		(2 days x 3 kids) = \$72
Half day		
Weekly Revenue		\$648
Number of Billable Weeks/Year		50
TOTAL Tuition Revenue (weekly revenue x number of billable weeks/year)		\$32,400

	Your Family Child Care	Rosie's Family Child Care
REVENUE - Meal Reimbursement		
Breakfasts Served per week		26
Breakfast Reimbursement Rate		\$3.00
Total Weekly Breakfast Reimbursement		\$78.00
Lunches Served per week		28
Reimbursement Rate		\$3.00
Total Weekly Lunch Reimbursement		\$84.00
Number of Billable Weeks/Year		50
TOTAL Meal Reimbursement Revenue (total weekly breakfast and lunch reimbursement x number of billable weeks/year)		\$8,100
Gross Revenue (tuition revenue + meal reimbursement revenue)		\$40,500
DIRECT EXPENSES		
Licenses and Filing Fees		
Toys, Art Supplies, Games, etc.		\$360
Office Supplies		\$120
Additional Insurance		\$396
Tax Preparation		\$600
Advertising		\$150
Loan Principal		
Loan Interest		
Meal Expenses		\$8,100
Miscellaneous		
Other		
Other		
TOTAL Direct Expenses		\$9,726
NET INCOME (gross revenue - total direct expenses)		\$30,774
PERSONAL EXPENSES		
Rent or Mortgage		\$14,400
Utilities (Gas, Electric)		\$3,600
Health Insurance		
Auto Insurance		
Home Insurance		\$900
Car Payments		
Auto Expenses		
Home Repairs and Maintenance		
Transportation		\$684
Entertainment		\$1,200
Clothing		\$1,200
Groceries		\$5,400
Pets		
Miscellaneous		
Other		
TOTAL Personal Expenses		\$27,384
CASH SAVINGS @ YEAR END (net income - total personal expenses)		\$3,390

What Rosie realizes from these calculations is that in order for her to keep her business running *and* keep herself and her family fed, sheltered and clothed, she must earn at least \$29,010. This is the grand total of her personal expenses *plus* the cost of maintaining her business *excluding* the cost of meals, since that program will not earn her any money.

She needs to earn \$29,010, and she knows the reimbursement rate is \$24/day for full day care. She believes that she will average about five children per day. At a minimum, she knows that each child has to stay in her care for about five days per week, 49 weeks per year. Rosie believes that she will exceed this minimum, and is optimistic she will earn enough to support her business and her family.

Start-Up Expenses

Now that Rosie has determined that a child care business is feasible, she wants to make sure she has enough money to start the business. She needs to determine her up-front costs, and she needs to make sure she has access to that money. Some of the costs that Rosie expects to incur prior to starting her business include: minor renovations to her home totaling \$1,000, an initial supply of educational toys, art supplies, office supplies and paper goods totaling \$200, some children's furniture, shelving, milk crates, baskets and other storage units totaling \$400, and \$50 to help her market her family child care to parents. Rosie estimates that she will need \$1,650 to purchase these start-up items. Rosie does not have this money available, so she consults a Small Business Development Center (SBDC), the Center for Women and Enterprise (CWE), a Community Development Corporation (CDC), or a Service Corps of Retired Executive (SCORE) member for advice. Her small business advisor encourages Rosie to create a business plan and explains that the plan will help her to effectively run her child care business, as well as allow her to apply for a small business loan.

At the same time, Rosie explores whether to contract with a family child care system. As a result of her research, Rosie decides that it is a good investment for her. She likes the support, on-going training, availability of equipment loans, network of other providers and access to state-subsidized contracts available through the system.

Rosie is excited about the possibility of running a family child care program from her home, and is convinced that she can be successful as both an educator and a small business entrepreneur. Rosie next decides to write up her business plan.

Making a Business Plan: What do I want to accomplish?

Developing a business plan is an opportunity for you to put down on paper what it is you want to accomplish and how you will realize your goals. It can be used exclusively by you, or as a way for you to communicate about your child care business with a small business advisor or lender.

A good business plan can help you obtain financial and professional supports from the small business community. It can also serve as your road map as you start or improve your child care business. Take time to complete your business plan.

If you need help or have questions, contact the Service Corps of Retired Executives (SCORE), your local Small Business Development Center (SBDC), the Center for Women and Enterprise (CWE), your regional Child Care Resource and Referral Agency (CCRRA), or your local Family Child Care System. Contact information is in the Directory located at the back of this guide. Your local Chamber of Commerce can also point you toward resources in your area.

Business Plan for Family Child Care

Business Name _____

Name(s) of Owner(s) _____

Address, City, State, Zip _____

Phone number: _____

Fax number: _____

Executive Summary

NOTE: Complete the Executive Summary last after you have finished the entire business plan.

This should summarize the major characteristics of your business plan into one or two pages (attach additional pages if needed). Copy appropriate parts of Sections I-II into this section. If you are applying for a loan, you will give this executive summary to the lender to summarize your business and explain why you need a loan. Write two to three short paragraphs on the topics below:

- A brief business description, your business mission, and your services (copy from section I).
- Your customers (income, ethnicity, gender), how large the market is, what part of the market you now serve, what part of the market you would like to serve, and how you reach your target market.
- Your competition and the advantages your business has over other similar businesses.
- Your goals for the next three years, including new services and resources you will need to meet your goals (money, employees, equipment, supplies etc).
- If you are applying for a loan, describe your plans for the loan period, indicate how much you are applying for, how you will use the loan, and how it will help you carry out your plans.

C. Services

Describe your major services in detail. Answer these questions:

- What are the features (key components) of your services?
- What are the benefits of these services (how will they meet a need of your customers)?
(Note: In child care, parents are your customers while children are the direct recipients of your services)
- What is the price of each of your services?

It is sometimes helpful to use a chart to list this information. Below is a sample chart, but you may want to create a larger chart with more space in order to accommodate all your services.

Service	Features of Service	Benefits to Customers	Price
Example: Child care for infants and toddlers	Licensed facility Trained staff Small group size	Child care in a safe setting Age appropriate activities Nurturing environment	\$250/wk

D. Operations

Describe the basic operations of your business. Answer the questions that relate to your business:

- What hours do you operate?
- What is the square footage?
- Do you rent or own?
- Do you have insurance? If so, what kind?
- What important equipment do you own or lease?

E. Staffing and Subcontracting

Describe who performs the various tasks that keep your business operating. Answer these questions:

- How many hours do you work in your business each week?
- Do you have any employees? If so, are they full time or part time employees (hours/week)?
- Do you offer them benefits such as insurance or vacation time?
- Do members of your household participate in your business (hours/week)? If so, do they work for free or wages?
- What is the role of each person who works for the business, including yourself?
- Do you subcontract some of your work to other businesses? Who are your major subcontractors?

B. Customer Base

Analyze your customer base (all of your customers, i.e. parents). Answer these questions.

- What percentage of customers do you have in each service category (part time, full time, after school, infant)?
- Who are your biggest customers?
- What percentage (%) of your total sales do your top two customers represent?
- How dependent are you on these two customers?

C. Competition & Competitive Advantage

Answer these questions that describe your competition and compare your business with your competitors:

- Who is serving your same type of customer with similar services?
- Does your competition offer benefits that you don't?
- What are the advantages your business has over your competitors (personnel, marketing, financial strength)?
- What are the weaknesses of your business compared to your competitors?
- How do you promote your business to customers in a way that shows your services are different or better than your competitors' services?

D. Promotional Strategies

Answer these questions:

- How will you present your service to the consumer?
- What key benefits of your services do you want to promote the most?
- What promotional activities will you undertake in order to reach your target market? For ideas, check the section on marketing at page 24.

E. The Industry

The following section is for entrepreneurs who have researched their industry.

You can research the child care industry using your local Child Care Resource and Referral Agency, a Business Information Center, libraries, the Internet, etc.

- Describe the child care industry.
- Is the industry growing or declining and by how much?
- What are the major trends in the industry?

Section III: Business Challenges and Summary

A. Strengths

List the key specific strengths, which make your business successful (for example, location, one-of-a-kind product, unique service, etc.)

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____

B. Business Challenges

List the primary challenges your business faces (nearby competition; short shelf life of product/spoilage; one person business subject to illness; etc.) List a minimum of three.

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____

For each challenge, please explain briefly what you have done, or will do, to address it:

- 1) _____
- 2) _____
- 3) _____
- 4) _____
- 5) _____

Starting A Child Care Business: What steps do I need to take?

Starting a family child care can be a challenge. You are both starting a child care service and starting a business, and the process can sometimes seem complex. The following step-by-step plan will help you complete the process and identify for you the organizations available to help you along the way. You should be prepared to spend two to four months starting up your business and readying for your grand opening.

All of the child care and small business organizations that this start-up plan refers you to are located in the Directory at the back of this guide. You will need a phone book or other community resource to contact your local town or city departments, Chamber of Commerce, or local banks.

By completing your business plan you may have already thought through and answered some of the questions posed below or completed some of the steps listed. The start-up plan is still an essential part of beginning your business. You can reference your business plan as you complete the following steps.

Start-Up Plan for Family Child Care

1. Begin by researching existing child care needs in your community. What child care programs already exist? Is there a shortage of child care for a particular age group or population? Is there a need for different child care hours or child care in a more convenient location? Your local Child Care Resource and Referral Agency (CCRR) can provide valuable information about your community's child care resources and needs.
2. Decide which age groups you want to serve. This will help determine which regulatory requirements your program must meet. Will your family child care business serve infants and toddlers or only children older than two years and nine months? The Office of Child Care Services (OCCS) can provide information to help you make this decision.
3. Prepare feasibility worksheets with financial projections and assumptions to determine how much cash you have to invest in developing your business. Use the feasibility worksheets provided in this guide at page 12. For assistance, contact the Small Business Administration (SBA), your local Small Business Development Center (SBDC), or the Center for Women and Enterprise (CWE).
4. Create a business plan that describes your goals for your child care service and how you will meet them. Use the business plan provided in this guide at page 15. For assistance, contact the SBA, the Service Corps of Retired Executives (SCORE), your local SBDC, CWE, your local CCRR, or a Family Child Care System.
5. Decide if there are business, management, or child development skills you would like to improve. Use the Directory at the back of this guide to contact organizations in your local area to find out about information, trainings and classes available.
6. Familiarize yourself with licensing regulations. Find out what requirements your program is expected to meet. Contact the OCCS regional office near you, or visit www.qualitychildcare.org to view state regulations for family child care. Also, check with your town or city about any zoning requirements. You can find local government contact information at www.usacitylink.com/citylink/ma.
7. If you need to renovate your home to comply with licensing and building requirements, explore the options for financing the renovation. Check with banks to learn about their requirements for financing. Also, be sure to consult with your local SBDC and Chamber of Commerce for information about small business lenders in your area.

NEXT: Read the start-up checklist beginning on the next page. The issues and circumstances you encounter will change the order in which you complete these steps. Also, you will see that some steps can be taken simultaneously. For example, you can draft written requirements and policies at the same time building renovations are underway. The entire process may take two to four months.

Start-Up Checklist for Family Child Care

- Consider other types of professional assistance you may need. Do you need a lawyer? An accountant? Would you benefit from support or training offered by your local SBDC, CWE, or CCRR?
- If you rent, seek permission from your landlord to open a child care business in your home.
- Check with local planning boards to find out if a conditional use permit or other zoning permit is needed to open a child care program in your home. Call your town hall or go to www.usacitylink.com/citylink/ma.
- File your licensing application and application fee with OCCS. Your program will be assigned to a licensor who will provide assistance and guide you through the licensing process. The licensing application can be downloaded from the OCCS web site, www.qualitychildcare.org.
- Explore funding sources. Are there opportunities for grants, partnerships, business loans, or private investments? What fund-raising efforts can be used for start-up costs? Your local SBDC, CWE, CCRR, or SCORE can help you explore your options.
- Attend an OCCS child care provider orientation to learn more about the requirements and opportunities associated with running a child care business.
- Find out how to make subsidized child care work for your business. Get information about the child care that OCCS and other agencies purchase for eligible families through contracts with Family Child Care Systems and through vouchers which parents can use at the child care provider of their choice. Your local CCRR can assist you.
- Check for child care business names that may already be registered under another child care facility by contacting the Massachusetts Secretary of State's office at 617-727-9640 or by visiting www.corp.sec.state.ma.us. Then, choose a name for your own program.
- Check to see if you should file business documents and notifications with the Secretary of State's Office and your local town or city (usually the Clerk's office).
- Decide how to set up your business' bank account. Do you want to create a bank account in your business' name? Do you want to have business checks linked to your personal bank account? Explore the options banks offer for business accounts.
- Prepare a budget and open a set of books. What portion of the program's income will come from parent fees? Will some children be funded through state or local agencies? What are other likely sources of income? What are the anticipated expenses (salaries, benefits, substitutes, taxes, licensing fees, mortgage, utilities supplies, equipment, publicity, insurance, transportation etc.)? How much money is needed for operation until the program can generate sufficient income to cover expenses? Contact your local SBDC, SCORE or CWE for assistance. It is also a good idea to consult with a bookkeeper or accountant.
- Find out about tax requirements and paying taxes as a self-employed person. Check with your local CCRR and SBDC for training opportunities and information. An attorney, the Massachusetts Department of Revenue at www.dor.state.ma.us and the Internal Revenue Service at www.irs.gov are also helpful sources of information.
- Consider the types of insurance you may need (liability, health and accident, fire and theft, vehicle). Contact your local CCRR or Family Child Care System for information about insurance providers. You should obtain insurance before any work is done to renovate your home.
- File for Homestead Protection with your local town or city's Registry of Deeds. Filing Homestead documents can provide your home with up to \$300,000 of protection against certain types of liability.
- Arrange for building repairs, additions and/or modifications that may be planned. When the work is completed, submit the required inspection certificates to OCCS.

- ❑ Establish your program's administrative structure. Write a job description for yourself. If tasks will be divided between you and an OCCS-approved assistant, make sure individual responsibilities are clear and well documented.
- ❑ Contact your OCCS licensor to discuss your timeline for opening your child care program and to schedule an appointment for your licensing study.
- ❑ Prepare marketing materials for your family child care business. Get these materials to prospective customers to advertise for children and begin the enrollment process. For marketing ideas, see page 24. Also, consult your local CCRR, SBDC, CWE or SCORE for help developing marketing materials.¹
- ❑ Draft policies and procedures for your family child care. Check with your OCCS licensor to learn about requirements which may include a child guidance plan, social service referral plan, emergency plan, activity schedule, etc. Sample forms and other information to help you create these documents can be obtained from your licensor or from the OCCS web site at www.qualitychildcare.org.
- ❑ Draft a fee collection policy so that parents will have a clear understanding of their rights and obligations. Outline when fees are owed, consequences for non-payment, and parents' rights and responsibilities when it comes to payment. Contact your regional OCCS or CCRR office for guidance.
- ❑ If you plan to hire approved assistants to work in your family child care business, complete the next five steps.
 1. Survey child care provider salaries in your area. Your local CCRR can provide some helpful information.
 2. Prepare job descriptions and salary ranges for approved assistants.
 3. Prepare contracts for all approved assistants.
 4. Collect personnel materials and policies and create an employee's handbook. The OCCS website, www.qualitychildcare.org provides sample policies.
 5. Advertise for and interview potential staff members. Be sure to hire enough staff to meet the staff to child ratio requirements for your initial licensed capacity. Many programs start small and add staff as they enroll more children.
- ❑ Establish records for each approved assistant including documentation of their criminal background check (CORI), qualifications, good health, first aid training, and other requirements. CORI forms can be obtained by visiting the OCCS website, www.qualitychildcare.org.
- ❑ Plan for emergencies and talk to other child care providers about common problems they experience and how they handle them. For staffing shortages, holidays and vacations, plan ahead and consider lining up substitute child care providers. Your OCCS licensor or a Family Child Care System can help you identify important issues, create a plan, and provide resources.
- ❑ Prepare forms for children's records according to OCCS regulations. Sample forms are available from your licensor or at www.qualitychildcare.org. If you develop your own forms for children's records make sure they gather the same information as the sample forms. You may add other forms you feel would be useful.
- ❑ Prepare a contract form to be signed by you and a child's parent or guardian at the time of enrollment.
- ❑ If applicable, conduct orientation and in-service training for employees. You can obtain many training opportunities and materials at your local CCRR.
- ❑ Collect required notices and other information for parents in a parent handbook. Schedule parent orientation meetings.
- ❑ Order equipment and supplies. Names of equipment supply companies can be obtained from your local CCRR. A Family Child Care System may also help you get equipment and supplies.
- ❑ **Get ready for your Grand Opening and begin to care for children in your home!!**

¹ MGL c. 26A s.14 prohibits advertising by unlicensed child care facilities. OCCS' attorneys can explain permissible types of publicity and when in the licensing process publicity can occur.

Marketing: How can I spread the word and build my business?

Marketing is the process of advertising your business to potential customers to encourage them to use your child care services. The purpose of marketing is often a combination of providing information that is useful to the customer, creating a positive impression of your services, and making your specific child care service memorable.

As a business entrepreneur, you have many options available to you when it comes to marketing. You can choose different ways to communicate about your business - from business cards and brochures to magnets and doormats.

You can also choose different programs or businesses to help you with marketing. Among your options is to create marketing materials yourself on a personal computer. A helpful tool is located on the Office of Child Care Services (OCCS) website, www.qualitychildcare.org. On that website, you can select the type of marketing tool you want (say, a flyer or business card), type in basic information about your business, and generate that product. Alternatively, you can use a local printing shop or advertising agency to generate your marketing materials.

The Service Corps of Retired Executives (SCORE), the Small Business Development Centers (SBDC), the Business Information Centers (BIC), and the Child Care Resource and Referral Agencies (CCRR) can provide guidance and suggestions when it comes to your marketing options and strategies. Contact them by using the information provided in the Directory.

As you prepare to market to your customers, think about how to get the most out of your efforts. Answer the following questions:

1. What is my objective? (For example: Am I a new business looking to establish my reputation? Am I in a competitive area and looking to distinguish my business from others nearby?)

2. Whom am I looking to reach? What are my customers like?

3. What marketing tools or items will effectively reach my customers?

4. How will I get my marketing materials to my customers?

5. What information about my business is most important to my customers? (For example: Is my customers' top priority to have an educational environment for their children? Do my customers want flexible hours? Do my customers care about location?)

Next, take time to decide on one or more core features of your marketing campaign. These are the names and ideas that customers will come to associate with your business over time. Consider:

- **Name your business.** A business name brands your child care service so that customers come to distinguish your business from similar ones in the area, in the same way that a brand name might help you choose one clothing detergent over another. Naming your business creates value as more people refer to "Sunny Day Child Care" than "the nice lady who has the place over on Summer Street." A business name is also a form of communication. For example, a business name can communicate a professional attitude to your customers and your staff. It can also communicate something specific about

your business, such as the location, age of the children you serve, or your expertise as a child care provider.

- **Use a logo or color scheme.** It is important to use a particular logo or color scheme on all of your materials. Associating a picture or color with your business will help customers to identify your business and more quickly recall positive information about your child care services. To see how this works, picture a gas station near your home. What colors or symbols does that business use to help customers recognize and distinguish its brand of gas? Although it is not necessary to have a logo or color scheme, using them can make your business more identifiable and strengthen your business reputation.
- **Use a tag line.** A tag line is a short statement or slogan that conveys information about your business and is usually included in your marketing materials along with your business name. Suppose you name your business "Sunny Day Child Care." If you decide that the most important features of your child care business are your location and your positive environment for children, you can create a tag line that highlights these qualities. Your business name and tag line might be "Sunny Day Child Care: a happy place on Summer Street." If, on the other hand, you want to emphasize that you provide a safe, educational environment for children, your business name and tag line might read "Sunny Day Child Care: a safe place to learn and grow." A tag line is not necessary, but it is a useful way to communicate important information about your business to your customers.

Marketing Materials

Next decide what marketing materials you need to create in order to communicate this information to your customers. As you select your marketing materials, ask yourself: What kinds of marketing materials will reach my customers? How will I get these marketing materials into their hands? What is my budget for marketing? Remember, www.qualitychildcare.org offers a cost-effective way to create these materials on a personal computer.

Below is a list of marketing materials that can spark your imagination and help you provide thorough information to your customers. To start, you may want to select a few items from the list. But every business is different. If you are located in a competitive area, where parents have many child care providers to choose from, you may need to promote your business more aggressively. You (alone, or with a small business advisor) are the best judge of your marketing needs. Also, since your marketing needs will probably change over time, you can revisit this section and make changes to your marketing plan in the future. Review the following list of marketing materials and the types of information you can provide via each item. Then select those that meet your marketing needs.

Three-fold Brochure This advertisement allows potential customers to review information about your business and your services at their convenience. Aim to make it sturdy, attractive and informative. It should include: business name, tag line, logo, address and directions, phone number, hours of operation, special services offered, and a short list of competitive advantages.

Open House Flyer If you want to invite potential customers to visit your program on a certain date and time so they can look around and ask questions before signing up their child, a good way to advertise is to create a flyer inviting them to attend your "open house." The flyer should include the following information: business name, tag line, logo, address and directions, phone number, date of event, time of event, and a short list of competitive advantages. Also, you can hand out additional marketing materials at the event itself.

Business Flyer Consider leaving a simple, professional flyer that interested parents can pick up at popular local businesses. You can include the following information on one or both sides of a standard (8.5 x 11) piece of paper: business name, tag line, logo, address and directions, and a short list of competitive advantages.

Print Ads Consider advertising your child care business in a local newspaper. Find out the newspaper's rates and sizes for ad space and then design your advertisement according to your budget and the paper's specifications. Be sure to include: business name, tag line, logo, location, phone number, and a contact person.

Direct Mail Postcards Consider creating and using direct mail postcards if you are working to increase your number of customers. If you have identified a group of potential customers and you have their addresses, mail or drop off postcards advertising your business. Check with your local post office about rates. Include the following information on your direct

mail postcard, business name, tag line, logo, address, phone number, a contact person, hours of operation, special services offered, and a short list of competitive advantages.

Door hangers Another way to let people in your neighborhood or apartment building know about your program is to create a door hanger. This item can be placed on doorknobs and provide basic information including: business name, tag line, logo, address, phone number, a contact person, hours of operation, special services offered, and a short list of competitive advantages.

Business cards You can create cards for your business or for yourself as owner of your business. The front of the business cards should include: business name, tag line, logo, address, phone number, and an email or web address (if relevant). You might also consider putting additional information on the back, such as: hours of operation and special services offered.

Website If you are computer-savvy, or can find someone who is, you can create a web page that provides current and potential customers with information about your child care business. On the web, you can convey information in many ways, including through text, color, and pictures. As you plan your website, think about including: business name, tag line, logo, color scheme (if relevant), location, phone number, hours of operation, special services offered, a short list of competitive advantages and pictures (with parent permission).

Enrollment Packet Creating a standard enrollment packet for your business can help ensure that you have necessary information on every child, and that you remember to communicate important information to their parents. Handing or mailing an enrollment packet to parents also sends the message that you run a professional child care service (Visit www.qualitychildcare.org for sample enrollment forms).

Direct Mail Envelopes Many businesses send correspondence to current or potential customers in envelopes that have their business name and address printed on the envelope. Some also include the business logo. Think about the mail you receive. Chances are, the bill from your electric company or credit card company arrives in a direct mail envelope. Consider having envelopes printed for your business too.

Letterhead Similarly, many businesses send letters on stationery that is made especially for that business. This is another way to convey to parents that you run a professional child care service. Business letterhead typically includes: business name, tag line, logo, address, and phone number.

Business Checks Be certain to print a separate set of business checks even if you use a personal account. This is another way of making people aware of your service and communicating the professional nature of your business. It is also a helpful way to keep your business expenses and personal expenses separate. Your bank can help you get this done.

Magnets A way for parents to keep information about your child care business handy is to put a magnet on their refrigerator. Consider including the following information: business name, tag line, logo, address, phone number, contact person such as you or a staff member, and an email or web address.

Newsletters Although it may be tough to find the time to create a monthly newsletter to send home to parents, or to put on your website, consider the benefits of doing so. A newsletter can help parents better understand your services, keep them informed about their child's experiences during the day, and update them on improvements or additions you may have made with articles and pictures. A newsletter can also help to create a sense of community between your families and energize the children. Consider a standard header with business name, tag line, logo, color scheme, and title.

Business Signs A helpful way to let customers know about your services and your location is to place a sign on your lawn or near your apartment. Check with your local town or city hall about restrictions on size and placement of the sign, and if you rent, get permission from your landlord too. A business sign could include: business name, tag line, and your logo.

Welcome Mat A welcome mat with your child care business name or logo can be a nice way to communicate your professionalism and reinforce your business brand as parents enter and exit your home.

Promotional materials (keepsakes) There are many different kinds of promotional materials that you can offer to parents and children. Be creative. Think about what your customers will like and use. Common promotional materials for adults include pens, coffee mugs and T-shirts with a business name and logo. Promotional materials for kids include pencils with a business name and logo, or coloring books about their child care experience at your family child care business.

Record Keeping: What papers should I keep on file?

Paperwork is an important and necessary part of operating a family child care business. You are required by the Office of Child Care Services (OCCS) to keep certain documents on file, and it is in your interest to take the time to organize your records. Keeping your documents organized will help you during your child care licensing review. It will also enable you to provide your small business advisor with relevant information that can be used to help you strengthen your business or apply for a small business loan. Finally, documented business expenses are deductible for tax purposes.

OCCS requires that you create some policies and procedures for operating your family child care business, like plans for emergencies or activities. Other policies and procedures can also be helpful. By having written policies that can be shared with parents, your customers will better understand your rules about fees, attendance, vacations and holidays, and what happens when a child leaves your care. Some providers find it useful to organize their policies and procedures into a binder for easy reference.

OCCS requires you to keep the following business and children's records on file for at least five years:

- Every child must have a complete record that provides you with the information you need to care for him. You can find sample forms and a helpful checklist on the OCCS web site, www.qualitychildcare.org. As you will see, a child's record must identify the child, describe his health history, and list emergency contacts. Records should also include background information to help you transition a child into your care.
- You should create consent forms for parents to sign giving you permission to do certain things for, or with, their children. Consent forms are very important because they are a way to communicate with parents and can protect you and your staff in the event of a lawsuit. Keep all signed consent forms on file. You must get a parent's consent to provide emergency first aid, to take the child on a field trip, to allow anyone other than the custodial parent to pick-up the child from your child care, or to publish a child's picture. Sample consent forms are available at www.qualitychildcare.org.
- OCCS requires that you keep log sheets that document your compliance with certain regulations. Among the things you need to record on log sheets are daily attendance, the use of assistants, the administration of medication, the conduct of evacuation drills, and the testing of smoke detectors. Sample forms can be downloaded from www.qualitychildcare.org.
- You are also strongly encouraged to keep your financial records in order. Keep all documents that show the financial transactions involved in operating your child care business. This includes documents that show how much money you have coming in and going out, including all receipts, invoices, and checks associated with your business. Keeping these records in order will help you file your taxes correctly, allow you to share important information with your small business advisor, and will strengthen your eligibility for a small business loan. You should be able to answer the following questions with your financial records:
 - How much revenue, or money coming in, did my business receive this year? Keep a record of any contract or voucher funds that your business received. Also keep a record of parent fees you have collected, including who paid, when they paid, who owes you fees, and how much they owe. It is a good idea to keep a record of individual customer accounts.
 - What did it cost to operate your family child care business for the year? Who did you pay or owe for these expenses? Keep a detailed record of your costs including what you spent on different types of expenses. For example, record your expenses separately for art supplies, food, toys, assistants, training, rent, electricity, office supplies, etc.

If you have questions, or would like professional advice on how best to organize your records, you may contact your OCCS licensor, local Small Business Development Center (SBDC), Service Corps of Retired Executives (SCORE), Child Care Resource and Referral Agency (CCRR), or Family Child Care System.