

First steps to SUCCESS

Would you like to set up your own nursery? NDNA chief executive, **Purnima Tanuku**, looks at how you can begin to turn your dream into a reality by researching the market, preparing a business plan and raising finance...

Starting a nursery may be a life-long ambition, a new interest or the next step in your childcare career. Even if you have worked in childcare for many years it can be a daunting experience with many areas to consider, so you need to make sure you are fully prepared for what it will involve.

Whatever the stage of development of your nursery, there are four fundamental criteria for success: a sound business plan, careful planning, market research and high-quality, well-qualified staff. Without all of these ingredients you will struggle to provide the quality of provision that will guarantee success.

Conducting research

The first step to opening a successful nursery business is conducting the right research. Those areas it is essential to cover include customers, competitors and operations. It is important to conduct both primary research (your own research, including talking to potential customers and monitoring competitors) and secondary research (using existing research). The early years department at your local authority is often a good place to find out information about early years provision in your area; local authorities have a legal duty to provide an annual sufficiency report, which is useful for identifying gaps in childcare provision

and identifying a suitable location to open.

You must establish the demand for childcare in your area and consider how competitors are catering for this demand; is there a gap in the market which you can fill? Find out what parents want from childcare services and tailor your services to meet their needs; make sure you offer unique selling points so your setting stands out from the crowd. Research the level of fees parents are prepared to pay for childcare, and find out how much nurseries in the area charge parents – this will allow you to set your fees at a sustainable and competitive level.

Good ways to make contact with parents in your area are through antenatal groups or by building relationships with local health visitors. You may also

wish to speak to schools, as they can provide information on local pressures of childcare and could also be great potential partners – for example, you could look at working together to provide wrap-around care. It is also useful to speak to local employers to find out whether they offer parents support with childcare and if they may be interested in sponsoring places at your nursery.

Well covered

Staff quality is of utmost importance to the success of your nursery business, so when you need cover for absence, the best possible practitioners must be available to fill the gap. Teach Tiny is on call, around-the-clock, eager to respond with interviewed, referenced, qualification-checked and CRB safety-checked nursery nurses, who are ready to step in at a moment's notice. Whether for emergency cover or a longer term solution, they will arrive at your nursery fully prepared, wearing their uniform and identification badge. Call 01582 713 609.



Local authorities have a legal duty to provide an annual sufficiency report, which is useful for identifying gaps in childcare provision and identifying a suitable location to open

PURNIMA TANUKU

Making a plan

Operationally, you will need to conduct research so you are able to produce a comprehensive business plan. A typical business plan will include:

EXECUTIVE SUMMARY: Summarise key points within the plan, including business objectives, timescales and level of finance required.

SECTOR ANALYSIS: Describe the childcare marketplace in your area.

MARKET ANALYSIS: Detail specific research conducted for your nursery, including market gaps, potential customers, other providers and their strengths and weaknesses, your nursery's unique selling point, a SWOT analysis (strengths, weaknesses, opportunities, threats) for your nursery business and a pricing policy.

OPERATIONAL PLAN: Describe your objectives for the next three years, covering:

- legal structure of the business – sole trader, partnership or limited company (seek advice from a lawyer or accountant about which route is best for you);
- features and benefits of the childcare service such as opening hours, curriculum or additional services;
- premises – do you plan to buy or rent? Are you taking over an existing nursery? Will you need planning permission to create the setting you want?
- management policies and resources.

MANAGEMENT TEAM: Who is involved in the venture, what are their skills and expertise?

IMPLEMENTATION PLAN: Describe the process for making the business idea a reality.

MARKETING PLAN: Explain how you will market your business, including associated costs.

FINANCIAL INFORMATION: Describe costs, the level of finance you require, the sources of finance you plan to investigate and a risk and sensitivity analysis. Financial statements such as a cashflow forecast, profit and loss and a balance sheet should be included to provide an idea of how your nursery business will perform over time.

APPENDICES: Use the appendices to provide more details where necessary, for example, copies of policies and procedures, management CVs, etc.

Finding funding

Having created your business plan you will now be ready to use it to raise finance for your nursery. Options to finance your nursery include:

- investment in the business from your own finances;
- bank loans;
- business start-up loans;
- equity funding – money from shareholders.

Once you have conducted research, created a business plan and raised finance you will have the foundations in place for setting up your new nursery business. In the next issue, I will look at how you meet legal and registration requirements for opening a new nursery.

Get support from NDNA

- Become a member of NDNA for only £158 per year. Benefits include over 70 policies and procedure templates, a fortnightly email news bulletin to keep you up-to-date with all the latest sector news, free subscription to Nursery news magazine, access to factsheets, discounts on a range of essential nursery products and access to a free legal helpline. For further information, visit www.ndna.org.uk/membership
- NDNA publications include *Your essential guide to starting your own nursery*, *Your essential guide to policies and procedures* and *Your essential guide to recruitment and selection*. Further information about NDNA publications which support nursery start-ups can be found at www.ndna.org.uk/starting-a-nursery
- NDNA recently launched Nursery Calcul8, a new financial management system which allows nursery owners and managers to quickly and easily understand how operational changes will affect profitability. This new system allows you to carry out detailed operational scenario planning with minimal accounting knowledge, so is ideal for use during business planning. More information can be found at www.ndna.org.uk/nursery-calcul8