

Washington State Training & Registry System (STARS)
Certified STARS Instructor: Lita Tabish, M Ed
Study Guide & Workbook for:
STARS 10 Hour Course

ADMINISTRATION #5

"BUSINESS PLAN"

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Information

- ❖ Read this workbook and use it as a class resource. All assignments are completed by E-Mail. Do not submit this workbook, it is to be kept for your future reference.
- ❖ The course assignments can be found at the class website: **www.starstab.com** once you are at the site go to “**Enter your Classroom**”. Choose “**Administration 5**” class choice.
- ❖ Please be sure to use the links set up at the “**Study Links**” and especially the Small Business Administration site page. There you will find a variety of links to sites that will help you complete your assignments. You may bookmark these to your own computer for use in the future.
- ❖ All assignments are to be turned in by e-mail please just send them to: **admin5@starstab.com**
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A business plan is the framework around which a business is built. A good business plan will keep you on track yet it will change with the times. Business plans are necessary if you plan to apply for any loan, grant or partnership. So what is all this plan stuff really? It is a simple snap shot or review of where your business is today and where you plan to go from here.

“A Business that fails to plan ~ plans to fail”

With all that said there are several sections that should be included in the plan. Most business plans should be between 10-25 pages on the first review. Each year the plan needs to be updated & evaluated within the current market. Changes and additions can be made as needed.

The easiest way to start this process is to open the SBA’s (Small Business Administration) Business Plan Template. Click at your class website to download. Once it is opened read and enter your information for each page.

The sections that are highly recommended are:

- 1. Title Page**
- 2. Table of Contents**
- 3. Executive Summary**
- 4. Business description**
- 5. Current market**
- 6. Description of your services**
- 7. Organization & management of your business**
- 8. Marketing your business**
- 9. Financial money management**
- 10. Appendices**

If your plan is only one page per section to start with that is fine. It will grow over time with each review & evaluation. Read the following sample Business Plan for the mock child care. You can see the typical wording & financials used.

Sample Mock Business Plan for “Kid’s Community College”

Executive Summary

Kid's Community College® aims to prepare its students to excel as young leaders of tomorrow by combining an exclusive collegiate-based curriculum tailored specifically for children with enhanced, first class child care services. Unlike our competitors, we offer advanced technology programs, after-school tutoring, and activities such as arts and crafts, dance, theatre and gymnastics, all in one location.

Kid's Community College is a privately held corporation run by its owner, Timothy Bernard Kilpatrick, Sr. Mr. Kilpatrick has 17 years of Executive Management (VP) and Budgeting experience, and extensive experience with budgeting methodologies and strategic planning, including the Balanced Scorecard approach. His advanced degree (and interest) in computer science is the driving force behind our technology component. He will be supported in daily operations by an industry consultant, a campus director, and a VP of educational operations, all with extensive experience in child care fields.

We will open for business starting with an initial enrollment of 13 students. We project healthy revenues by the end of the first year, and expect to nearly triple that by the end of Year 3. Our biggest operating expenses will be compensation at industry standard rates for our highly-qualified personnel, and rent on our facilities, improved for our purposes during the start-up period. We would like to grow into four campuses, eventually, but growth is planned conservatively, to be financed from existing cash flow as we go. We anticipate a net profit beginning in our second year.

Mission

"Some of the best years in life are the time spent as a child and later our collegiate years..." As working adults in a fast paced society, we sometimes forget just how precious and fleeting those years are.

With that in mind, imagine an alternative to traditional infant, day and after school care that not only met your child care needs, but also provided an activity based learning environment that mirrors those used at colleges, universities and vocational centers around the nation. A college community of professional care givers with the credentials to not only enhance your child's early social and motor skills, but to also teach them advanced studies in the arts and sciences found at institutions of higher learning. A collegiate-based curriculum tailored specifically for children, taught in a fun, nurturing care giving environment.

Now imagine this at a cost less than that of the combination of conventional day care and specific interest based children programs.

Objectives

1. Sales increasing to almost double first year sales by the end of Year 2.
2. Maintain a high raw gross margin by the end of Year 1.
3. Open second campus by the end of Year 1.
4. Begin franchise effort by end of Year 3.

Keys to Success

The keys to success for KCC are:

- Marketing: differentiating KCC's care giving and educational services from traditional daycare offerings and interest activity programs.
- Service quality: care giving and educational programs provided by degreed and certified educators, child care workers, tutors and subject matter industry professionals in a technologically advanced first-class collegiate environment.
- Reputation: maintaining a highly regarded reputation for excellence in care giving, education and community involvement and being the employer of choice in our market for child care and educational talent.

Company Summary

Kid's Community College® - Lake St. Charles Campus will be located in Riverview, FL. The College will employ six fundamentals that will serve as the driving force for the services offered:

- Premier Care Giving Services
- An Activity Based, Children Structured Collegiate Curriculum
- Advanced Technology and Developmental Programs
- Trademarked General and "Continuing" Education Mentoring and Tutoring
- Learning Services
- Community Advancement and Involvement

The Lake St. Charles campus is a newly constructed, 3,600 square foot facility in the Lake St. Charles Medical Plaza and will be developed meeting strict KCC design standards, under close supervision of Hillsborough County child care Licensing.

Start-up Summary

The college founder and president, Mr. Kilpatrick, will oversee fiscal responsibility, employing an independent CPA for financial oversight. A Campus Director will be hired to handle day-to-day operations of the facility and will work collaboratively with the silent partners and other campus personnel to ensure a successful business venture.

Start-up

Requirements

Start-up Expenses

Legal	\$1,000
Stationery	\$250
Brochures	\$500
Insurance	\$1,500
Rent	\$8,250
R&D	\$500
Consultants	\$1,000
Playground Equipment	\$3,500
Playground Prep	\$700
Playground Fence	\$3,000
Furnishings	\$7,500
Toys	\$3,000
Buildout	\$8,750
Total Start-up Expenses	\$39,450

Start-up Assets	
Cash Required	\$65,550
Other Current Assets	\$14,130
Long-term Assets	\$0
Total Assets	\$79,680
Total Requirements	\$119,130
Start-up Funding	
Start-up Expenses to Fund	\$39,450
Start-up Assets to Fund	\$79,680
Total Funding Required	\$119,130
Assets	
Non-cash Assets from Start-up	\$14,130
Cash Requirements from Start-up	\$65,550
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$65,550
Total Assets	\$79,680
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$60,000
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$60,000
Capital	
Planned Investment	
Owner - Kilpatrick Cash	\$45,000
Owner - Kilpatrick Credit Line	\$12,500
Other Assets Invested	\$1,630
Additional Investment Requirement	\$0
Total Planned Investment	\$59,130
Loss at Start-up (Start-up Expenses)	(\$39,450)
Total Capital	\$19,680
Total Capital and Liabilities	\$79,680
Total Funding	\$119,130

Company Locations and Facilities

Kid's Community College® will begin with one location - a newly constructed 3,600 square foot campus in Riverview, FL located near the entrance of the upscale Lake St. Charles subdivision. The campus is in the Lake St. Charles Medical Professional center and will boast separate halls for arts and crafts, theatre and dance, information technology, library and

quiet study, tutoring, infant care and a cafeteria. The play area will be adjacent to the campus and will be securely fenced and furnished with appropriate playground equipment and facilities.

Three additional campuses are planned in the rural Tampa marketplace over the next four years. Franchise start-ups will be offered in the Orlando, Miami and Jacksonville marketplace after 2 years of successful operation.

Company Ownership

Kid's Community College® is a privately-held proprietorship owned in majority by its founder and president, Timothy Bernard Kilpatrick, Sr. There are also two silent partners, neither of whom owns more than 10%, but will be active participants in daily operations, management decisions and consulting, though they do not own a financial stake in the company.

Once the operation reaches its anticipated growth and profitability goals, the college plans to franchise and will re-register as a limited liability company or as a corporation, whichever will better suit the future business needs.

Services

Kid's Community College® offers upscale child care services and an advanced collegiate based curriculum designed for kids ages 4 months to 5 years and 1st through 5th grades. Normal operating hours will be 6:45am to 6:30pm, Monday through Friday - with observance of all major legal holidays. Early drop-off service will be offered as needed.

Service Description

Upon its opening, Kid's Community College® will offer four basic services in the Lake St. Charles community:

- Full-time Child Day Care
- Part-time/After School Care (including drop-off and pick-up)
- After School Tutoring
- Drop-In Care

Prior to opening, the college will have a two-month enrollment drive. Based on the market reaction to the drive, these services may be altered to meet the needs of the community.

Competitive Comparison

The child care industry as a whole is saturated. However, based on US Census 2000 data, Hillsborough County Child Care Services provider listings and Hillsborough County building permit records, the city of Riverview, Florida itself is growing and has few licensed child care facilities. Kid's Community College® intends to fill this local market need.

Sales Literature

A copy of the Kid's Community College® informational brochure is attached in an appendix at the end of this document.

Fulfillment

The key fulfillment and delivery of services will be provided by the campus director, licensed campus instructors and staff workers. The real core value is the professional strength and industry expertise of the founder and silent partners, staff experience and certifications, education and hard work (in that order).

We will turn to qualified professionals for freelance back-up in tutoring and educational support, which will enhance the core values provided to the clients.

Technology

Since the company founder has an extensive Information Technology background, it's only natural that Kid's Community College® will employ and maintain the latest technology to enhance its curriculum, office management systems, payment processing and record keeping.

Market Analysis Summary

Kid's Community College® offers services which are vitally important in today's fast paced, dual-income world. As an increasing number of families have become dependent on two incomes, the need for quality child care has skyrocketed.

Market Segmentation

Kid's Community College® has a focus on meeting the local community need for child care services within the 10-mile radius of Riverview. Students will be taken in flexibly on either a full-time or part-time basis.

Full-Time Working Couples

The college will establish a significantly large, full-time, regular client base in order to establish the healthy, consistent revenue base which will ensure stability of the business. Customer and community relations are extremely important, as it is imperative to keep the parents pleased in order to keep their children in the college.

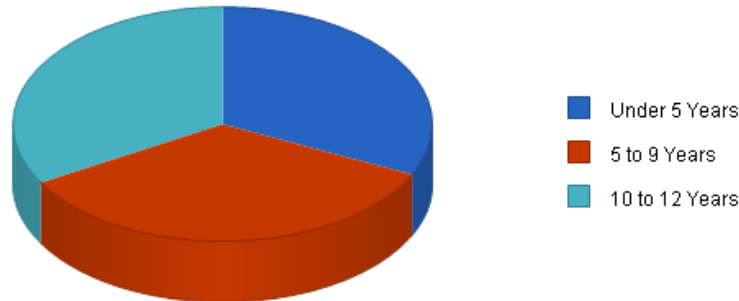
After School Care

Another large segment of the college's business will be in the after school care market. This client base will provide a higher profit for the college since instructor-to-student ratios are higher, and the students require more educational services, which are the primary focus of the college. By offering tutoring, and advanced studies in technology, theatre, arts and sciences, the college will attract these profitable business clients, producing significant supplemental revenues.

Part-Time Workers/Drop-Ins

Part-time workers and Drop-Ins from the fitness center and locals businesses will comprise less than 1% of the revenues. While this market is not a primary focus, sufficient flexibility to handle this market is important to the local 'word-of-mouth' marketing strategy.

Market Analysis



Market Analysis

		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Under 5 Years	6%	2,665	2,825	2,995	3,175	3,366	6.01%
5 to 9 Years	6%	2,865	3,037	3,219	3,412	3,617	6.00%
10 to 12 Years	6%	2,771	2,937	3,113	3,300	3,498	6.00%
Total	6.00%	8,301	8,799	9,327	9,887	10,481	6.00%

Target Market Segment Strategy

The target market for Kid's Community College® is full-time working couples. Referral marketing, direct-mail campaigns and community activity days will be the primary types of marketing strategies utilized. Maintaining and enhancing its reputation with families and in the community will be crucial in obtaining the planned market share growth of this target market.

Market Growth

According to US Census 2000 data, the population growth rate for Hillsborough county is approximately 2%, which is reflected in the market analysis summary. However, the Riverview area of Hillsborough County is experiencing a residential construction boom, yielding well over a 14.6% growth. This is supported by data obtained from the Hillsborough County Building Permits office and is included in the appendix of this plan.

Competition and Buying Patterns

Price, service, certification and reputation are critical success factors in the child care services industry. Kid's Community College® will compete well in our market by offering competitive prices, high-quality child care services, and leading-edge educational programs with certified, college-educated instructors, and by maintaining an excellent reputation with parents and the community in which we serve.

Main Competitors

1. Catholic Church Day Care:
 - o Strengths: Large church congregation. Already established in market.
 - o Weaknesses: May not appeal to customers of different religious beliefs. Unlicensed facility. Non-accredited.
2. Martial Arts America - Kick Kare:
 - o Strengths: Already established in area. Martial arts offering with child care services.
 - o Weaknesses: Location - outside of middle-income market. Non-educational offering. Building condition - prone to constant flooding.
3. Family Child Care Homes:
 - o Strengths: Established in market. "Personal" service.
 - o Weaknesses: Capacity - only allowed a certain number of children. Non-professional stigma.

Business Participants

1. Licensed Child Care Centers: Kids Kountry, Lapetite Academy, Mary Go Round Child Care Center and Bloomingdale Academy. While these centers are within the 10-mile radius target area, none are inside a 5-mile radius of the Lake St. Charles community. None of these facilities are nationally accredited.
2. Family Child Care Homes: Mindy Rumore FCCH and Stacie Dawn Hamann FCCH.
3. Specific Interest Based Programs: Martial Arts America
4. Church Child Care Facilities: Christian Day Academy (not licensed).

Strategy and Implementation Summary

Kid's Community College® will focus on two subdivisions: 'Lake St. Charles' and 'The Villages of Lake St. Charles,' which are new upscale community developments within a 2 square mile radius and boast over 900 new homes.

The target customers are dual income, middle-class families who value the quality of education and child care provided for their children ages 4 months to 12 years.

Value Proposition

Kid's Community College's® value proposition is quite clear and quite easily distinguished from others in the market. We offer uniquely premium child care services, as measured by the curriculum and activities offered, experience and educational level of the instructors, community involvement and community college theme.

Competitive Edge

We start with a critical competitive edge: there is no competitor in our market that is offering our concept, quality of educational program and child care services. Our educational approach is unique and we have a resource with over 25 years of child care expertise and over 17 years of technology savvy. Our positioning on these points is very hard to match, but only if we maintain the focus in our strategy, marketing, business development, and fulfillment. We should be aware that the tendency to dilute this expertise with bargain shopping could weaken the importance of our competitive edge, but we must continue to bolster our value proposition.

Marketing Strategy

Marketing in the child care industry depends largely on reputation and referral. At Kid's Community College® that reputation will start within our community bolstered by our involved commitment to those we serve.

Promotion Strategy

We will depend on client referrals, community exposure and direct mail campaigns as our main way to reach new clients. As we change strategies, however, we need to change the way we promote ourselves:

1. **Advertising**--We'll be developing our core positioning message: "A community college for kids!" to differentiate our service from the competition. We will be using direct mail campaigns, pre-enrollment drives, and local community newspaper advertising to launch the initial campaign.
2. **Sales Brochure**--Our theme and curriculum will help sell the college to prospective clients.
3. **Direct Mail**--We will send quarterly direct mail campaigns to the housing developments in a 10-mile radius of the campus. We will also offer monthly calendars for parents and the Lake St. Charles community, noting weekend family days and other open house approaches.
4. **Community Involvement**--We will be active in the Lake St. Charles community, sponsoring events at the community center for families and residents.

Marketing Programs

Catered open houses, parent survival days/nights, clubhouse pool parties and weekend movie matinees are but a few approaches we will utilize to reach out to our community. We will also develop and maintain partnerships with local businesses that cater to the needs of children.

Our pre-opening effort will include an application fee waiver, free children ID cards, T-shirts and a community block party sponsored and hosted by Kid's Community College®.

Positioning Statement

For families who value the importance of higher education and quality child care services, Kid's Community College® offers a great alternative to traditional child care services and specific interest based programs. Unlike those programs, KCC combines child care services with a modified collegiate level curriculum, just for kids!

Pricing Strategy

Kid's Community College® must charge appropriately for the high-end, high-quality educational and care giving services we offer. Our revenue structure has to support our cost structure, so the salaries we pay to assure quality services must be balanced by the revenue we charge.

We will be price competitive in the market we serve; however, we will not subscribe to the "low price leader" concept. The quality of our service will support the prices we charge.

Sales Strategy

Kid's Community College® will sell its community college theme, services and offerings, separating itself from traditional daycare-only offerings.

We will be a one-stop shop for child care services, advanced learning and specialized program offerings. We will also be active in the community, building a solid reputation with parents and the community. By succeeding in these areas, we expect to begin seeing an operational net profit in month nine of the 1st year, while increasing enrollment by 32% monthly for the first 8 months and gradually thereafter, until our maximum allowed capacity is reached.

Sales Forecast

The following table and chart give a run-down on forecasted sales. A detailed spreadsheet is also included in the appendix of this business plan.

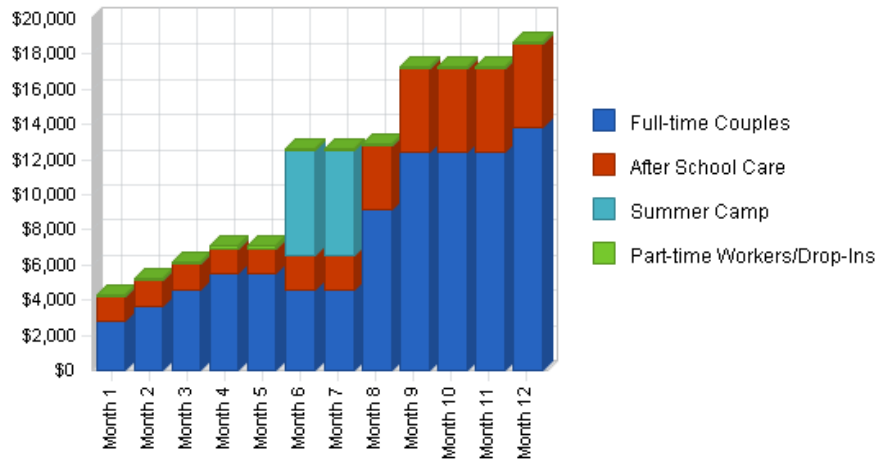
For the first eight months of operation, Kid's Community College® has assumed a conservative enrollment due to the fact that school, aftercare and child care placement has already taken place for the school year and most parents will be comfortable with their current arrangements. Consequently, we expect initial enrollment to be far less than anticipated future year levels.

A sales increase of approximately 32% each month is expected until the start of the next school term, in August. While this forecasted increase seems large by industry standards, it is a good estimate based on initial enrollment. Going into years 2 and 3, we expect that our presence will be known, convenience factor considered and we will then be a considered as a choice in August 2003. In fiscal years 2004 and 2005, 80% and 90% of full enrollment is assumed respectively.

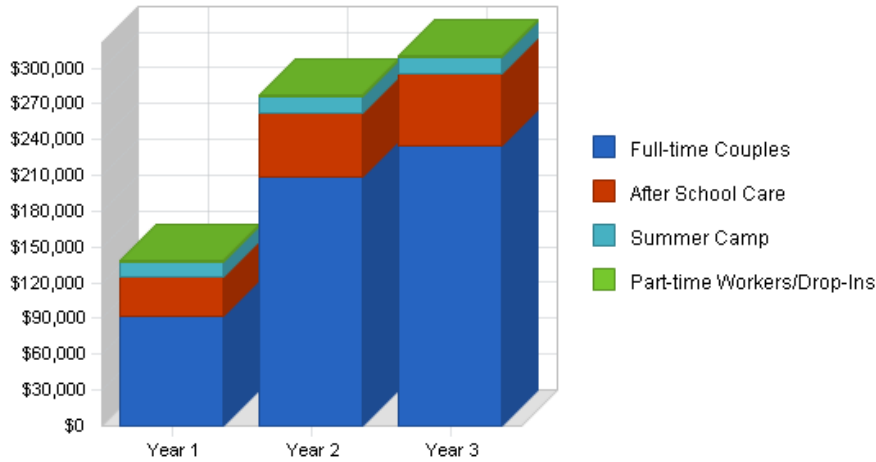
We expect to be open for business on January 1, 2003, starting with an initial enrollment of 13 students:

7 Full-time students at \$115 each per week. 6 After-school students at \$60 each per week and Drop-in revenue of approximately \$100 per month.

Sales Monthly



Sales by Year



Sales Forecast

Year 1 Year 2 Year 3

Unit Sales

Full-time Couples	199	455	512
After School Care	141	220	248
Summer Camp	26	29	31
Part-time Workers/Drop-Ins	12	14	16
Total Unit Sales	378	718	807

Unit Prices	Year 1	Year 2	Year 3
Full-time Couples	\$460.00	\$460.00	\$460.00
After School Care	\$240.00	\$240.00	\$240.00
Summer Camp	\$460.00	\$460.00	\$460.00
Part-time Workers/Drop-Ins	\$100.00	\$100.00	\$100.00

Sales

Full-time Couples	\$91,540	\$209,300	\$235,520
After School Care	\$33,840	\$52,800	\$59,400
Summer Camp	\$11,960	\$13,340	\$14,352
Part-time Workers/Drop-Ins	\$1,200	\$1,380	\$1,587
Total Sales	\$138,540	\$276,820	\$310,859

Direct Unit Costs	Year 1	Year 2	Year 3
Full-time Couples	\$13.34	\$13.82	\$13.82

After School Care	\$4.56	\$4.75	\$4.75
Summer Camp	\$13.80	\$13.80	\$13.80
Part-time Workers/Drop-Ins	\$0.00	\$0.00	\$0.00
Direct Cost of Sales			
Full-time Couples	\$2,655	\$6,288	\$7,076
After School Care	\$643	\$1,045	\$1,176
Summer Camp	\$359	\$400	\$431
Part-time Workers/Drop-Ins	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$3,656	\$7,733	\$8,682

Strategic Alliances

As mentioned previously, Kid's Community College® will form professional alliances with Impact Fitness to offer Drop-In child care services while parents work out. We will also partner with Family Pediatrics to provide referrals of their existing customers. A discounted rate will be offered in both cases.

Web Plan Summary

The Kid's Community College® website will be the virtual business card and portfolio for the college, as well as its online "home."

It will showcase the campus, curriculum and activity calendar for the school. It will also provide for an Internet background of the instructors, online projects posted by the students, the campus newsletter and online enrollment.

The Kid's Community College® website will be simple, yet classy and well designed, but at the same time, in keeping with the latest trends in user interface design. A site that is too flashy, or tries to use too much of the latest technology can be over-done, and may not be supported by all browsers.

The key to the website strategy will be presenting a very well designed and informative Web presence that will market the Kid's Community College® image, service offerings and community commitment.

Management Summary

The opening management team of Kid's Community College® will consist of the founder, a silent partner, a campus director and administrative assistant.

As the college grows, gradual investments in the instructional staff will be made over the next 3 years - beginning in June 2003 or as otherwise dictated by enrollment.

Organizational Structure

Kid's Community College® depends on the founder, silent partner, Campus Director and VP of Education Operations for management in the following roles:

Management Team

Owner/President - Timothy B. Kilpatrick, Sr. The Owner/President will have overall fiscal responsibility, ensuring that the business is financially sound and attains its planned goals.

- 17 years Executive Management (VP) and Budgeting experience
- Advanced degree in Computer Science
- Proven leadership and employee development ability
- Extensive experience with budgeting methodologies and strategic planning, including the Balanced Scorecard approach.

Industry Consultant - Carolyn Steverson. The Industry Consultant will be relied upon for her industry expertise, providing valuable insight to rules, regulations and governmental programs that may benefit the college.

- 25 Year owner of Fat Albert Day Care Center
- Licensed child care facility owner
- Vast knowledge of Hillsborough County Child Care Licensing requirements and government supplemental programs

Campus Director - Candice Harris. The Campus Director will be responsible for daily operations, curriculum oversight and management of all instructors, caregivers and tutors.

- B.S. Degree in Education
- 2 years facilities administration/support experience with the University of South Florida
- 2+ years Regional Operations Manager
- 5+ years managerial/supervisory experience
- 3+ years grant writing, technical writing, workflow and process documentation experience

VP of Education Operations - Nitika Steverson-Kilpatrick

- Collegiate-level Public Relations education
- 5+ years customer service experience
- 8+ years child care industry experience (her mother owns Fat Albert Daycare)
- Extensive theatre and dance background

Management Team Gaps

The present team requires Child Care Development Associate credentials to support our value proposition and preparation for 2004 Florida child care requirements. Currently, the Campus Director and Industry Consultant are the only members of the management team who have these credentials.

The Owner/President and VP of Education Operations will be enrolling in January 2003 to complete the six-month course required to obtain these credentials. Education for these two can't begin in this area until that time since it is a requirement that the college be open for business before the course work can begin. Long-term, all full-time instructors will be required by the college (not the State) to obtain this credential.

Regarding financial administration, we will retain a strong CPA to help the owner guard cash flow. While the owner is well versed in the worries of cash flow, he also has the sense to listen to reason and deal with constraints, as guided by the CPA.

Personnel Plan

The following table summarizes our personnel expenditures for the first three years, with compensation increasing from approximately \$57K the first year to about \$113K in the third. We believe this plan is a fair compromise between fairness and expedience, and meets the commitment of our mission statement.

The yearly figures in the second and third year are assumptions for the Lake St. Charles campus only. The numbers reflect 100% enrollment, a full staff of instructors and a 5% payroll increase each year - which will include tuition reimbursement, pay increases, vacation pay, bonuses and state required certifications.

Personnel Plan

	Year 1	Year 2	Year 3
Campus Director	\$23,877	\$25,071	\$26,324
F/T Instructors	\$21,760	\$61,440	\$64,512
P/T Instructors	\$11,400	\$21,600	\$22,680
Total People	5	8	8
Total Payroll	\$57,037	\$108,111	\$113,516

Financial Plan

- Kid's Community College® will finance growth mainly through cash flow. It is recognized that this means the school will have to grow gradually into the planned four campuses.
- The most important factor in our case is enrollment. We must stay focused on our enrollment plan and maintain budgeted enrollment levels.
- Adequate start-up capital is assumed, along with an SBA 5-year guaranteed loan.

Important Assumptions

The Kid's Community College® financial plan depends on important assumptions, most of which are shown in the following table as annual assumptions. The monthly assumptions are included in the appendices. From the beginning, it is recognized that total enrollment is critical, which is a factor that must be influenced immediately. Interest rates, tax rates, and personnel burden are based on conservative assumptions.

The most important underlying assumption is that there is a strong need for the business in the Lake St. Charles community.

General Assumptions

	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	7.00%	7.00%	7.00%
Long-term Interest Rate	7.00%	7.00%	7.00%

Tax Rate	30.00%	30.00%	30.00%
Other	0	0	0

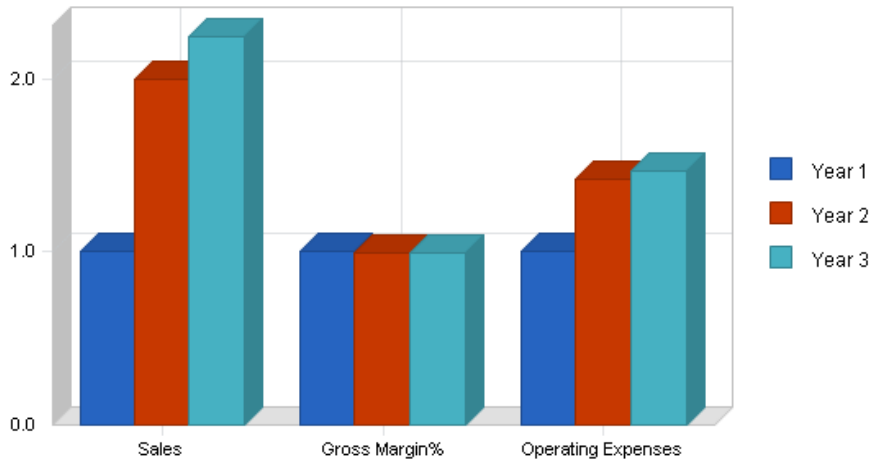
Key Financial Indicators

The following benchmark chart indicates the key financial indicators for the first three years. We foresee a gradual growth in sales (enrollment) and operating expenses into the second and third year.

It is projected that the raw gross margin will remain stable for the first three years since expenses are relatively indirect in the service based course work industry. Operating expenses increase gradually as enrollment increases.

Enrollment is very important. We must maintain an average weekly enrollment of 34 students for fixed cost coverage.

Benchmarks

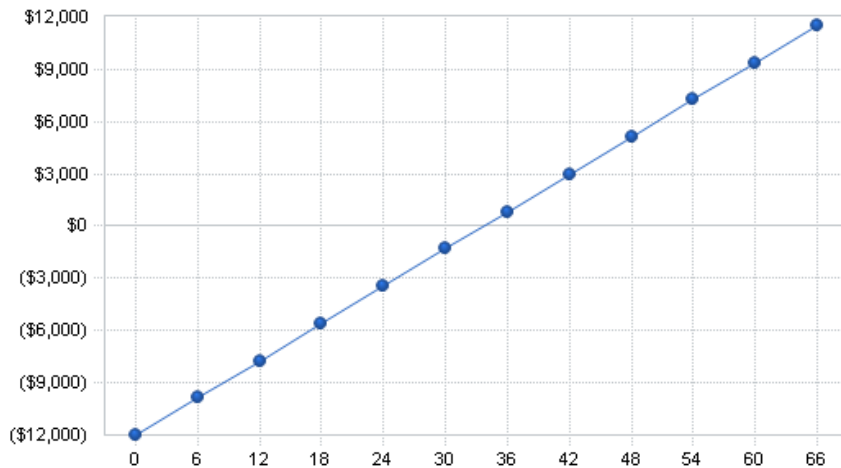


Break-even Analysis

For the break-even analysis, start-up monthly running costs assumptions are shown in the the table below, including a three person payroll, rent, utilities and an estimation of other running costs. Payroll, at median market averages, was presented previously in the Personnel table.

Based on these assumptions, the chart below shows the enrollment of students per month needed to break-even. This represents about 46% of our allowable monthly enrollment based on state and county course work guidelines.

Break-even Analysis



Break-even Analysis

Monthly Units Break-even 34

Monthly Revenue Break-even \$12,350

Assumptions:

Average Per-Unit Revenue \$366.51

Average Per-Unit Variable Cost \$9.67

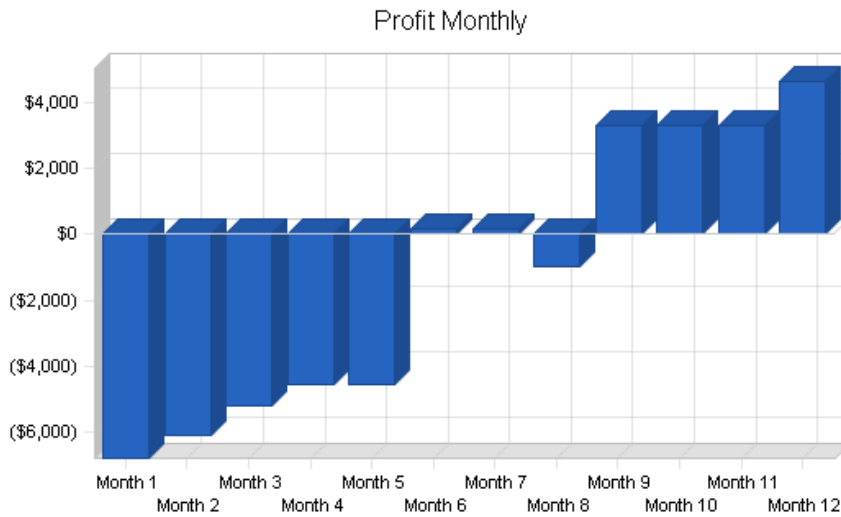
Estimated Monthly Fixed Cost \$12,024

Projected Profit and Loss

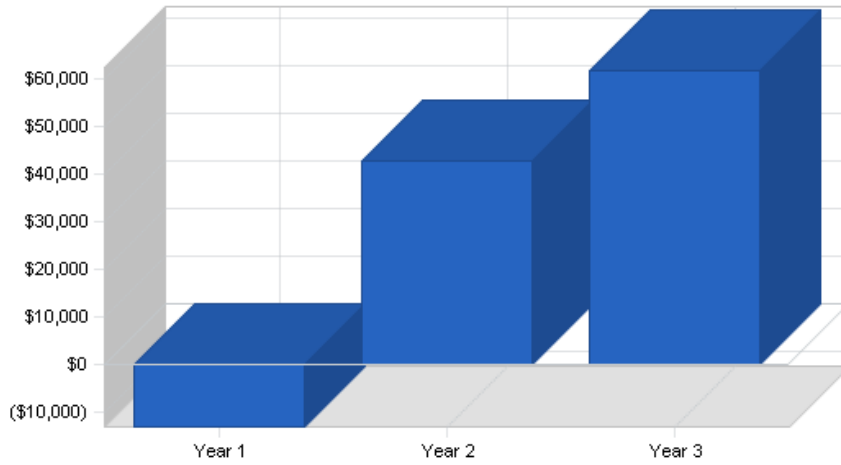
Our projected profit and loss is shown on the following table, with sales increasing from the first year to the third.

In years two and three, we are projecting full enrollment regarding cost of sales and gross margin. The investment return in these years supports the goal of opening another campus at the end of the second year and begin the franchise offering by the end of the third year. Profit from the additional campuses and income from franchising are not included in this business plan.

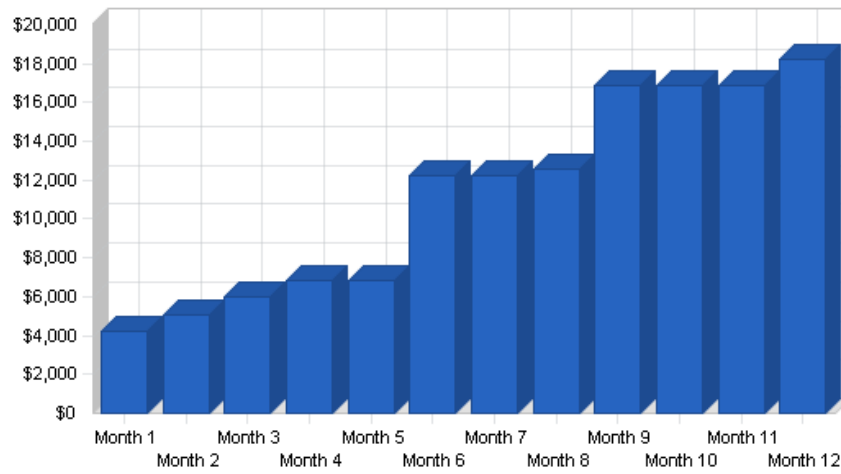
The detailed monthly projections are included in the appendices.



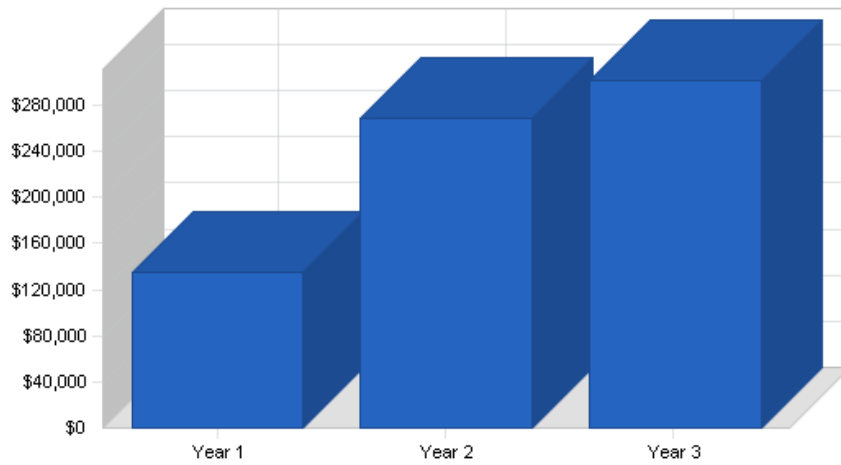
Profit Yearly



Gross Margin Monthly



Gross Margin Yearly



Projected Cash Flow

The following cash flow projections show the annual amounts only, significant for the first year mainly in the amounts projected in cash sales and payables.

Cash flow projections are critical to the success of Kid's Community College®. The monthly cash flow is shown in the illustration, with one bar representing the cash flow per month and the other the monthly cash balance. The annual cash flow figures are included here and the more important detailed monthly numbers are included in the appendices.

