

# Poor Business Plan v. Strong Business Plan

## Happy Kids Home Daycare LLC

### EXECUTIVE SUMMARY

✗  
*Vague claims, e.g., "Best daycare," "Everyone will want to come." Overly confident without support.*

Happy Kids Daycare will be the best daycare in the city. Everyone will want to send their kids here. We will make a lot of money right away because parents always need daycare. I will run this out of my home and take the maximum number of children allowed. I am applying for a \$25,000 loan.

Happy Kids Home Daycare will be a licensed home-based childcare service located in Albuquerque. We will provide a safe, nurturing, and development-focused environment for ages 1-5. State regulations allow home-based daycares to a limited number of children depending on age & caregiver availability. My initial capacity will follow state guidelines. I am applying for a \$25,000 loan to cover licensing, safety improvements, educational materials, and startup operating expenses, in addition to state funding. We aim to reach full enrollment by month 6 & achieve stable, predictable revenue.

✓  
*Clear purpose, location, age group served, and compliance with NM licensing. States realistic enrollment timeline and loan purpose.*

### BUSINESS DESCRIPTION

✗  
*Minimal detail: "I like kids" and expects to "start taking kids immediately."*

I really like kids so I'm starting a daycare. My daycare will be fun and safe. Parents will trust me and I have a few friends that are interested. I will buy toys and stuff and then start taking kids. I expect to be full immediately.

We will operate Monday-Friday 7:30 am to 5:30 pm. Services include:

- Age-appropriate learning activities
- Healthy meals following CACFP guidelines
- Outdoor playtime
- Social-emotional learning & parent communication tools

The daycare will operate from my home, which meets New Mexico's space and safety requirements for home-based childcare. I will complete all required background checks, CPR/first aid certifications, and state childcare training programs prior to opening.

✓  
*Explains services offered, operating hours, licensing requirements, safety steps, and curriculum approach.*

### MARKET ANALYSIS

✗  
*No data, no competitors identified, no evidence.*

Everyone needs daycare so there will be plenty of customers. I don't know who my competitors are but I'm sure I'll get enough kids because I will be nice to them. People in the community always need good childcare so I don't expect any issues.

Childcare demand in Albuquerque is consistently high, especially for infants & toddlers. Waiting lists are common across the region. Local competitors include:

- Small home daycares within a 3-mile radius
- Several larger childcare centers with higher tuition rates
- A few church-based daycare programs
- Our competitive position focuses on small group size, personalized care, flexible enrollment, and transparent communication with parents.

✓  
*Describes demand trends, mentions local competitors, and explains positioning based on small group size and quality of care.*

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### COMPETITIVE EDGE

✗  
*Claims to be "better than everyone else" with no explanation.*

I will be better than everyone else. I will have more fun activities. And I will also have good prices.

- Low teacher-to-child ratio
- Structured early-learning curriculum
- Healthy meals included in tuition
- Parent communication via daily app updates
- Lower overhead costs allow for competitive pricing

✓  
*Lists specifics, e.g., low ratios, structured learning, healthy meals, communication tools, and competitive pricing.*

### OPERATIONS PLAN

✗  
*Vague: "I will take kids during the day" and "I'll make a schedule later."*

I will take kids during the day and feed them snacks. I will make a schedule later. If I get too busy, maybe I will hire someone or have my sister help me.

I will follow a consistent schedule including meals, structured learning blocks, quiet/nap time, and supervised play.

#### Staffing:

Initially, I will operate as the sole caregiver. If expansion is needed later, I will hire an assistant per state licensing requirements.

#### Safety and Compliance:

I will complete required home modifications such as safety gates, smoke detectors, outlet covers, and fenced outdoor play areas.

✓  
*Provides a clear daily structure, staffing plan, safety requirements, and compliance steps.*

### FINANCIAL PLAN

✗  
*Unrealistic numbers. Expects \$10,000 revenue immediately with very low expenses. Math error. No rationale.*

#### Financial Projections

I expect to make \$10,000 a month right away because parents need childcare. Expenses will be low because I'm doing this at home. Profit should be around \$8,000 per month.

#### Financial Statements

- Revenue \$10,000
- Expenses \$4,000
- Profit \$8,000

#### Use of Funds

I need \$25,000 for toys, food, upgrades, and other things. I will pay the loan back once I get enough kids.

#### Startup Costs

Safety and licensing improvements	\$8,000
Furniture/toys/learning materials	\$6,000
Insurance & licensing fees	\$2,000
Initial food & supplies	\$1,500
Working capital	\$7,500
<b>Total:</b>	<b>\$25,000</b>

#### Revenue Projections (REALISTIC & SUPPORTED)

Assuming full enrollment is reached by month six:

- Year 1 monthly revenue at full capacity (based on typical NM tuition ranges): ~\$4,500-\$6,500 \*
- Year 1 average monthly expenses: ~\$2,800 (food, utilities portion, materials, insurance, curriculum, loan payments)

✓  
*Provides revenue ranges based on typical NM tuition rates, gradual enrollment timeline, and realistic expense estimates.*

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### FINANCIAL PLAN



No Profit & Loss, Cash Flow forecast, or assumptions. No break down of Use of Funds or Repayment Plan.

- Expected net profit at capacity: \$1,700–\$3,000 per month

#### Financial Statements (ACCURATE & CONSISTENT)

Projections include:

- Detailed Profit & Loss (P&L)
- 12-month Cash Flow forecast
- Break-even analysis showing expected break-even point at 9–12 months

#### Use of Funds (CLEAR & SPECIFIC)

The \$25,000 loan will be used to:

- Complete mandatory safety improvements
- Purchase licensing-required equipment and materials
- Acquire educational curriculum supplies
- Cover initial food and operating costs
- Ensure adequate working capital during the first 3–4 months

Loan repayment will come from monthly net operating income once enrollment stabilizes.

\* Based on average costs, StateRegsToday.com, Carelulu.com, and phone calls to local daycare centers.



Includes projected P&L, cash flow, break-even, & fully consistent numbers. Explains assumptions behind projections. Clear breakdown of Use of Funds - materials, licensing costs, food, and working capital. Shows how funds support growth and repayment. Loan repayment tied to net operating income after enrollment stabilizes.

A well-rounded business plan built on research, solid data, analysis, and accurate financial statements that addresses all key sections will help any entrepreneur anticipate challenges and position their business for long-term success.

#### Resources:

##### Service Corps of Retired Executives (SCORE)

<https://www.score.org/templates-resources/business-planning-financial-statements-template-gallery>

##### New Mexico Small Business Development Center (NMSBDC)

<https://www.nmsbdc.org/our-services/business-plan-development/>

