

# Preschool Business Plan (Shortened Free Version)

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## Executive Summary

Our pre-school will offer an upper-end child care facility for toddlers aged two to six. The pre-school will have a low teacher to student ratio, custom facilities, and innovative learning programs. It will be located in the low density suburbs of Harare. Our programs will include exceptional ECD curriculum, and a diverse range of extra-curricular activities including computers, swimming, gymnastics, music & dance, cooking & baking, directed by mature, qualified and experienced teachers.

Most important to us is our financial success and we believe this will be achieved by offering high-quality service while minimizing costs. We have created financial projections based on our experience and knowledge of the area. With a start-up expenditure of \$20,800 we can generate \$84,000 annual revenue by the end of the second year, and produce good net profits.

## Mission, Vision and Objectives

### Mission

Our mission is to provide top level child care. We exist to attract and maintain customers. When we adhere to this maxim, everything else will fall into place. Our services will exceed the expectations of our customers. The pre-school dedicates its efforts and resources toward ensuring top-rated care giving services coupled with a high-quality activity based learning environment tailored for children in these age groups. The pre-school will respond to the needs of its parents and students with excellent care-giving and instruction, an advanced curriculum, flexible programs, local community involvement and business partnerships.

### Vision

To be the leading pre-school for children between the ages of 2 and 6 in Zimbabwe.

### Objectives

The objectives for the first three years of operation include:

- To create a service based operation whose primary goal is to exceed customer's expectations.
- The utilization of the pre-school by at least 20 different families in the first year.
- To increase the number of client's served by 20% each year.
- To develop a sustainable, profitable, start-up business.

### **We aim to ensure that each child:**

- is in a safe and stimulating environment
- is given generous care and attention, because of our ratio of qualified staff to children.

- has the chance to join with other children and adults to live, play, work and learn together
- is helped to take forward her/his learning and development by being helped to build on what she/he already knows and can do
- has a personal key person who makes sure each child makes satisfying progress
- is in a setting that sees parents as partners in helping each child to learn and develop
- is in a setting in which parents help to shape the service it offers

### Keys to success

- ✓ Marketing: differentiating the Pre-School care giving and educational services from traditional day care 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.
- ✓ Profitability: controlling costs and managing budgets in accordance with company goals, adhering to strategic business plans for growth and expansion and reinvesting in the business and its employees.
- ✓ Superior customer attention.
- ✓ Immaculate care of the children.
- ✓ Professionalism.
- ✓ Safety.

### Values

The Core values of the school are:

- Child Safety

- Child Happiness
- Modern teaching aids
- Constantly evolving teaching methods
- Continued staff development

## Marketing Strategy

Our pre-school will attempt to rapidly achieve awareness in Harare about its business in the first year. To be successful in this business, you should have many students. Thus it is of great importance to have a solid marketing strategy, in order to distinguish our pre-school from the existing pre-schools. Our marketing strategy is based upon the marketing mix, which are the 4 p's of marketing, which are product (service), price, promotion and place (distribution).

## Product/Service

Customers will be pleasantly surprised at how attentive our pre-school is in regards to their needs. The business operates on the assumption that it will do whatever is reasonably necessary to keep the customer happy. This reflects the notion that if the customer is kept happy; long-term profits are ensured.

## Price

Our pre-school 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. We intend to charge \$700 per term, which is within the range of what other top class pre-schools in Zimbabwe are charging.

## Promotion

Our pre-school will use various ways of promoting our company so as to gain more customers and increase general awareness of our school and the services we offer.

### *Word of Mouth*

Word of mouth advertising via quality output will be used to market our pre-school. We will give incentives to parents who refer other parents to our school. These incentives will include fees discounts for every referred child who successfully enrolls at our school. We will also carry out

door to door campaigns in our community. We will also take our child care solutions to the community via presentations churches and shopping centres.

### *Community Involvement*

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. We will be active in our community, sponsoring events at the community centre for families and residents.

### *Fliers*

We will use colourful, informative fliers to increase awareness of our school in Harare. These fliers will be distributed to random people in the CBD, and in the suburb where we are located. We hope to get potential customers from the distribution of fliers. We will also offer monthly calendars for parents and the surrounding community

### *Newspapers*

We will place adverts in the Sunday mail so that more people can be aware of our pre-school. Placing our advert in the Sunday mail will ensure that our advert will be read the whole week as it is a weekly newspaper. It will also ensure that we reach the parents as it is a family newspaper. It also has a wide coverage in Zimbabwe and it is read by many people.

### *ZBC TV and Radio*

We will place our adverts once every month on Radio, and once every 3 months on ZBC TV. Television and Radio have a wide coverage in Zimbabwe, though they are more expensive than other forms of advertising. We will advertise on ZBC TV and radio stations which include Star FM and ZiFM. This will make more Zimbabweans aware of our pre-school.

### *Public Transport Advertising*

We will advertise our pre-school on commuter omnibuses which commute from Harare CBD to different locations in Harare. This will make more people aware of our pre-school.

### *Internet Marketing*

We will have a website for our pre-school. This website will give people more information about our school, the services we offer; where we are located, our contact details and our staff. It will also have a gallery with pictures of our students at the pre-school, and pictures of the students carrying out various extra-curriculum activities. This will attract more customers to our school. We will also have active social media accounts on Facebook, Twitter and LinkedIn. The internet is a very powerful marketing tool. An increasing number of Zimbabweans are using the internet every day. These internet marketing strategies will make more people aware of our school and services.

### **Place/Distribution**

Our pre-school will be located in the medium densities or low densities areas, close to the CBD, like Avondale and Belvedere. It will be located close to the CBD so that is accessed easily; most parents work in the CBD so the location will give them great convenience. The place should be smart; this will leave a good impression with the parents.

### **Web Plan Summary**

The pre-school website will be the virtual business card and portfolio for the centre, 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 and the campus newsletter. The pre-school 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 pre-school image, service offerings and community commitment. We will engage the services of WebZim ([www.webzim.co.zw](http://www.webzim.co.zw)) as they offer affordable and professional websites.

### **Website Marketing Strategy**

The website will embody the mission of the pre-school. It will not only offer visitors the opportunity to "look around" the campus, but it will give them a good idea of the level of quality and service they can come to expect from the pre-school. Mostly informative in nature, the website will be a digital representation of our physical self.

## Sales Strategy

The sales strategy will be based on a communication effort to explain the virtues of the program and how time at the pre-school can speed up the children's development considerably. In addition to one on one explanation of the program and its merits, the prospective parents will be given tours of the facilities. The tour of the facility will serve two purposes:

1. The tour will be used as a way to impress the prospect of the facilities that the pre-school has. These facilities are going to be custom designed to achieve very specific educational goals.
2. The tours typically occur during the day and this becomes a perfect opportunity for the potential customer to view the care as it is occurring. This will serve to build a trust bond between the pre-school and the parent who naturally is cautious about leaving the child with strangers to have the child cared for and taught the entire day.

In essence, the pre-school is letting the facilities and teacher/student interactions speak for themselves. Because of the high level of service, this is entirely possible. We will also be active in the community, building a solid reputation with parents and the community.

## Market Analysis

The population of Zimbabwe is always growing, with a 2.7 % annual growth rate. Zimbabwe has over 1 million children who are 5 years and younger. This is a very large customer base for the pre-schools. As the Zimbabwean population is growing, and as more children are being born, demand for the pre-schools will be on the rise. Zimbabwe is also a country with a very high literacy rate of about 96%. This shows that Zimbabweans are people who value education, thus they would want to send their children to school to give them a bright future. The government of Zimbabwe has also made it a pre-requisite for children to have been enrolled for pre-school (ECD-A and ECD-B) before they can be admitted to grade 1. So pre-school is now mandatory, and this increases the demand for the services of pre-school.

There is also an increasing need by parents to generate income for the family, which makes them go to work, even in the informal sector. This includes also the women. Thus the parents are not having enough time to take care of their children, they also have less time to help them develop and will send them to pre-schools that offer child development.

## Market Segmentation

Potential customer groups for pre-schools:

### **Low-Income earners**

The low income earners are usually found in rural areas and high density locations. They send their children to pre-schools usually from the ages of 3 in preparation of Zero Grade. They consider fees when selecting a pre-school, and distance. Because of their low incomes, they can't afford to send their children to pre-schools which charge high prices.

### **Medium to High Income earners**

They usually reside in the medium and low density suburbs. They consider the quality of education offered, when choosing pre-schools for their children. Reputation matters a lot, as they want to send their kids to highly reputable schools.

## Industry Analysis

### **Pre-schools attached to Primary Schools**

In 2004, the Zimbabwean Government through the Ministry of Education, Arts, Sport and Culture enacted Policy Circular 14 of 2004 which directed all primary schools, to attach preschool classes with effect from January 2005. This move was in response to the recommendations of the 1999 Presidential Commission of Inquiry into the Education and Training System in the Zimbabwe, popularly known as the Nziramasanga Commission. One of the major findings of the Commission on the Early Childhood Development (ECD) programme at preschool level in particular, was lack of equity and access to preschools for most children especially the disadvantaged populations. This move gave the preschool programme a better status than it had previously, because most preschools operated on a loose supervisory support the implementation of the Early Childhood Development Program, whereby each Zimbabwean primary school is supposed to include a nursery class.

### **Private Pre-Schools**

There are many private pre-schools in Zimbabwe. They usually divide their classes to 3 different grades, which they give unique names. The first class is usually for 2-3 year olds, and may be called the toddler's class or some other funny name. The second class is for 4 year olds and may be called ECD-A or some other funny name. The last class is for 5-6 year olds and is usually called Zero Grade or ECD-B. The private pre-schools target different niches, and thus charge different school fees. Those which are in the rural areas and growth-points are usually at Churches, and the school fees is cheap, at about \$50/term. The pre-schools in the high density areas target the low-income earners, and charge low fees of about \$180/term. The pre-schools which target medium to high income earners are usually found in low and medium density areas, and their fees range from \$400/term, to as high as \$1600/term. These elitist pre-schools offer

more activities like swimming, computers, have a low teacher to child ratio, as compared to the pre-schools which target low income earners.

### Competition and Buying Patterns

The amount of fees is one of the most important factors when parents are looking for a pre-school to send their kids to. Low income earners are attracted to pre-schools with lower fees, while high income earners are attracted to schools with better services, which are usually accompanied by high fees. Parents also consider the reputation of the pre-schools. Parents tend to send children to pre-schools based on the recommendation of other parents. Pre-schools with a good reputation easily attract parents, while those with a bad reputation are shunned away by parents.

Location and transport is also a determining factor. Parents tend to prefer pre-schools which are closer to their homes, or offer door-to-door transport services, as this is convenient for them, and also safe for the child. Parents also consider factors such as the services offered by the school, extra curriculum activities etc. High income earners would want to send their children to schools where they can swim and learn computers. Parents especially those who are working also consider the school timetable. They would want a pre-school where can drop their child before 8 as they are going to work, and collect the child at 5 pm when they are done with work. Teacher-child ratio is another factor which they consider. They prefer schools with a low teacher to child ratio so that their children get full care and attention.

There are many pre-schools which are in Harare. However the competition among good pre-schools is less intense because the parents themselves are competing to secure places at pre-schools which are considered to be good. The number of top-class pre-schools in Harare is not enough, as evidenced by reports of parents bribing secretaries. They pay bribes so that they can secure places for their children.

Pro Forma Income Statement

|                                 | Year 1             | Year 2             | Year 3             |
|---------------------------------|--------------------|--------------------|--------------------|
| <b>Revenue</b>                  |                    |                    |                    |
| Fees                            | \$42,000.00        | \$84,000.00        | \$84,000.00        |
| <b>Operating Expenses</b>       |                    |                    |                    |
| Labour                          | \$10,440.00        | \$20,880.00        | \$20,880.00        |
| Depreciation                    | \$1,600.00         | \$3,200.00         | \$3,200.00         |
| Raw Materials                   | \$8,000.00         | \$16,000.00        | \$16,000.00        |
| Licenses                        | \$540.00           | \$200.00           | \$200.00           |
| Business Insurance              | \$1,000.00         | \$1,000.00         | \$1,000.00         |
| Advertising and Marketing       | \$2,400.00         | \$2,600.00         | \$2,600.00         |
| Rent                            | \$12,000.00        | \$12,000.00        | \$12,000.00        |
| Utility Bills                   | \$1,500.00         | \$3,000.00         | \$3,000.00         |
| Contingency                     | \$1,000.00         | \$2,000.00         | \$2,000.00         |
| <b>Total Operating Expenses</b> | <b>\$38,480.00</b> | <b>\$60,880.00</b> | <b>\$60,880.00</b> |
| <b>Net Profit Before Tax</b>    | <b>\$3,520.00</b>  | <b>\$23,120.00</b> | <b>\$23,120.00</b> |
| Tax (25%)                       | \$880.00           | \$5,780.00         | \$5,780.00         |
| <b>Net Profit After Tax</b>     | <b>\$2,640.00</b>  | <b>\$17,340.00</b> | <b>\$17,340.00</b> |

## Assumptions

- We will start with 20 students in the first year, each paying \$700/term; the number of students will increase to 40 in the second year.
- First year we will have one teacher who will be paid \$500/month, one assistant who will be paid \$250/month, and a cook who will be paid \$120/month. In the second year the number of employees will double.
- Rent \$1000/month

*Please note that practically, your revenue will depend on the number of customers you get. If you fail to get a high number of customers, you may fail even to cover your fixed costs.*

## Top reasons why pre-schools fail in Zimbabwe

### *Hiring unqualified teachers & poor education standards*

The performance of the children will depend on the pre-school teacher. If you hire people who are unqualified and inexperienced, the children will not perform well and soon or later the parents will realise it and withdraw their children from the school. Low education standards at your pre-school will lead to the same result.

### *Lack of Marketing*

There is no success without good promotion. People have to be aware of your pre-school. You should have many customers in order to be successful. If you don't have many students you may fail to cover even your fixed costs.

### *Location & Premises*

A bad location and premises is one of the reasons why pre-schools fail. Your pre-school should be located in a good, safe neighbourhood, and the premises should be clean, attractive, and have the necessary play equipment.

### *Hiring Poor Management*

You hire someone who you think will be a great principal, since they have experience and excellent references. Then a few months down the road not only don't they manage the pre-school, they alienate staff, drink away the profits and/or steal money. Hiring a principal is ok, but don't ever trust anyone completely with your money or your business reputation. Remember that no one is going to care about your business the way you do.

### *Bad Customer Service*

Customer service, along with quality education, is integral to staying open. Therefore, don't shy away from getting customer feedback, whether in the form of comment cards or just asking the

parents how the pre-school is. It is said for every customer complaint you get, three more are left unsaid. If that is true, then there are a lot of unhappy parents out there who don't bother to say anything. And they don't bother bring their children to a pre-school they think have bad service, either.

#### *Low start-up capital*

Lack of operational funds can cause concepts that could succeed to fail after all. It's important that you have enough money to keep your pre-school alive until you begin making profit. The pre-school that runs out of working capital before it can start running optimal performance and to make a profit is doomed to failure. When this happens, it's rarely possible to find a way out of financial problems and to pay expenses.

You should have enough cash in reserve to make sure that you have enough capital for all the uncertainties that you are going to face in the initial period of operation. This is very important because in the first year you can not accurately predict the course of your financial operations.

## Other Business Plans

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- Layers business
- Pig production business
- Pre-school business
- Fast food restaurant business
- Trucking Business
- Public Transport (kombi) business

*Coming Soon*

- Mushroom Farming Business Plan
- Fish Farming Business Plan
- Gold Mining Business Plan
- Cabbage Farming Business Plan
- Horticulture Farming Business Plan
- Solar Company Business Plan

And Many More

We decided to introduce Zimbabwe business plans after noting that many Zimbabweans were venturing into businesses without a full understanding of the industry, market, how to run the businesses, the risks involved, profitability of the businesses and the costs involved, leading to a high failure rate of the start-ups.

Our business plans will make it easier for you to launch and run a business successfully, fully knowing what you are going into, and what's needed to succeed in the business. It will be easier to plan and budget as the business plans will lay out all the costs involved in setting up and running the business. They are designed uniquely for the Zimbabwean market.

These business plans can be used for many purposes including:

- Raising capital from investors/friends/relatives
- Applying for a bank loan
- Start-up guide to launch your business
- As a project proposal
- Assessing profitability of the business
- Finding a business partner
- Assessing the initial start-up costs so that you know how much to save

- Manual for current business owners to help in business and strategy formulation

All our pre-written plans include, but not limited to:

- Market Analysis
- Industry Analysis
- Financial Statements (income statements, cash flow statements, balance sheets, break even analysis, payback period analysis, start-up costs)
- Marketing Strategy
- Risk Analysis
- SWOT & PEST Analysis
- Operational Requirements
- Operational Strategy
- Why some Zimbabweans in that type of business fail, so that you can avoid their mistakes
- Ways to raise capital to start your business in Zimbabwe
- Government regulations, licences needed and their costs

All our agriculture pre-written business plans include technical aspects of how to keep and rear the animals. They also include a mini-directory with contacts which will prove to be helpful in launching and running the business. E.g. for pigs we will tell you where to buy the breeding stock, feeds e.t.c. and we will provide the contact details of the companies.

We decided to make them affordable for anyone who would want a business plan, and the price for pre-written business plans is only **\$12.50** for **soft copies** (PDF format, Microsoft word format, and a Microsoft Excel file with the financial statements), and **\$16** for **hard copies**.

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