

BUSINESS PLAN
FAVOUR@5 NURSERY AND DAY CARE CENTER



BETTY MARGARET TAWANDA CHIGANGA

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE GRADUATE SCHOOL
STAMFORD INTERNATIONAL UNIVERSITY
MASTER OF BUSINESS ADMINISTRATION
ACADEMIC YEAR 2016

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**The Research has been approved by
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The Graduate School**

Title: Favour @5 Nursery and Day Care Business plan

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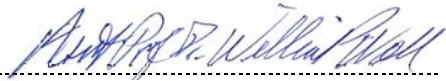
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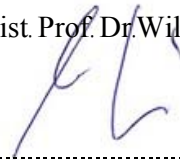
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Betty Margaret Tawanda Chiganga

EXECUTIVE SUMMARY

Favour@5 is a Nursery and Day Care Center that offers both services at one center. This center is established to enhance convenience for parents who have more than 2 kids who are in different stages of their early development at a lower cost in terms of quality of services, location, Christian morals and values. The Nursery and Day Care center will be situated in Hillside Suburb, Harare, Zimbabwe near the Central Business District (CBD) which becomes easy for parents to avoid traffic since most of the Nursery and Day Care centers are located where traffic is bad during the pick hours.

Favour@5 is a center that focuses on ensuring a fun and exciting playing environment, offering top nurturing activities for both the Nursery and Day Care children. It will also value the children's spiritual values and moral as they grow at the center which is one of the main desires for parents nowadays. Fun learning environment will be enhanced by the top class learning software and technologies engaging the kids along every activity. Our target market are the kids whose parents work in town and aged 22 to 55 years old, low to medium income earners and probably have more than 2 kids in the Early Development Stage that is from 4 months to 5 year olds. The targeted segments will focus on the parents formally employed and those who own their own Small Medium Enterprises (SME) and want to be in line with the new technological advancement for their children. According (World Population Review, 2016) approximately 1, 5 million people will be in our target market in Harare District. 3 months before officially opening the Nursery and Day Care Center, will engage into a pre-sales activities as well as marketing activities, I will engage 9 parents and 20 kids to see how they adapt to the services offered. I will also advertise in schools and church special functions.

The projected sales revenue for the Nursery and Day Care Center in the first year will be US\$196 750 and the net profit after tax for the year will be \$300, it will be very low because of the startup expenses. In year 2 the sales revenue will increase to US\$212 787. getting net profit after tax of about \$28 775.60, assuming that enrollment will increase

by 10% for full time kids and 5% for part time kids. Assuming that the enrolment for both Nursery and Day Care services increase by 30% for fulltime and 25% for part time kids, the projected sales revenue will be \$252 137.50 and the net profit after tax will be \$36 055.10. In order to cover unexpected expenses, I plan to seek a loan of about \$10 000 from the Zimbabwe Entrepreneurship Association, repayable over a 5 year period. Favour@5 Nursery and Day Care Center will have a payback period of 1 year 1 month which is favorable for a new early childhood development center.

Major competitors of Favour@5 Nursery and Day Care Center are Denby Nursery, Newlands Kindergarten and Petite Nursery and ECD Center that offer fun services for the kids, only to mention a few. The introduction of online learning systems for the kids and the 'stay at home' nannies are also our competitors however we will be offering both services at one center and at lower costs than the competitors.

It will engage professionals who will help in the running of the Nursery and Day Care Center. The staff members will be enrolled depending on their experience, qualifications in Early Childhood Development as well as their passion to work around children.

This business plan will be viable if implemented in 2019 because at the moment the economic situation in Zimbabwe is currently unstable and not conducive for start-up businesses. According to (Financial Gazette (Harare), 2016) the country's Reserve Bank recently launched a surrogate currency to promote export incentive, so there is a shortage of cash circulating in the country, so the economy is not stable at the moment it will be risky to invest into a new business. I will revise this business plan in 2019 before launching the Nursery and Day Care, taking into consideration of factors such as changes in the competitors and the consumer taste and preferences to fit the current situation.

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CHAPTER 1

INTRODUCTION

This Business Plan is for Favour@5 Nursery and Day Care Center offering both services at the same center which will be launched in Hillside suburb, Harare, Zimbabwe. This plan talks about the vision, mission, and objectives of the research, the reasons why the researcher is interested to venture into Nursery and Day Care services and the limitations of the research. The researcher goes on Literature review, talking about different business plans, uses, good, bad business plans as well as the different components of a normal business plan. More knowledge on the tools and techniques used in business plans, the likes of the SWOT analysis, Michael Porter's 5 Forces Model and Risk analysis are reviewed in the literature.

The research also talks about the business model and company description of Favour@5 Nursery and Day Care Center, its opportunity analysis considering the current situation at hand and how it affects the educational system. A feasibility study is carried out, the product and service of Favour@5 Nursery and Day Care center as well as its target market segment. Early Childhood development industry attractiveness is highlighted in this research that is growing population, offering both at services at the same center and offering services at low costs than competitor. An analysis of the competitors in the market is talked about in this research and their strength in the market.

The researcher also talks about her marketing and sales plan, how she is going to let the customers know about the services on offer and the forecasted sales plan. The organizational management team that will work together in order to accomplish its goals and objectives is also talked about in this research. Lastly the researcher talks about the financial feasibility of the plan using the income statement, balance sheets as well as cash flow statements and concludes the viability of the whole business plan.

1.1 Opportunity Analysis

In Zimbabwe there are a lot of Nursery Schools and Day Care services offered in different locations in the capital city. The challenge is that there are a few nursery schools that offer day care services at the same location. So the main aim for my business plan is to close the gap between the two, launching a Nursery and Day Care center merged together. My Nursery and Day Care center will enroll kids from as small as 4 month olds up to 5 year olds. There has been an increasing demand for Nursery and Day Care services in Harare town in Zimbabwe. A lot of parents find it hard to get their children in best schools because of the stiff competition in the few nursery schools that offer quality services.

Most parents want their kids to be in nursery schools such as Newlands day nursery, Abbeys day, Angie's Day Care Center, Grey-stone nursery and Little Blessings Nursery School only to mention a few which are my possible competitors. Why this plan is viable is that a few of these nursery schools offer day care services but most parents prefer having their kids in a nursery and day care center. Also my nursery and daycare will be based on Christian values, morals and grooming because most parents would not have time to be with their kids because of their busy work schedules making them reluctant to enroll their kids in some nursery centers fearing their spirituality may be affected as they grow. Parents prefer that the environment for their kids should be conducive, with up to date technological infrastructure and facilities.

However, i will consider market factors such as the current economic instability in the country may be an influence to my business as well the ban of imports on certain items in the country that may be issues of concern in purchasing the different garget and toys to be used by the children. Licensing of running the nursery and day care as well as police clearance is an important variable that i will consider in planning my business. I am also considering renting a spacious house near town for the center and also i will create a financial budget on how my costs will be so that i can write a proposal to seek loan from the bank for start- up purposes. I will also consider qualified infant teachers who are well

trained, groomed and have a heart for children as my workforce team as well as first aid healthcare officers.

In addition the few quality day cares or nursery centers are far away from the Central Business District, (CBD). From studying the environment for my daycare i believe location is one of the most important issue that i will include in my business plan because most quality daycare centers are located in the Northern East high class suburbs or in the outskirts of the city in Harare, Zimbabwe, which makes it difficult for middle class parents to send their children there because of the distance they would have to travel to pick up their children to and from the centers.

1.2 Objectives

- To be the provider of top nurturing, fun environment for day care children
- To be a low cost provider in nursery and day care sector by 2020
- Enhancing easy access for parents to the nursery and day care in Harare

1.3 Significance of Study

This study will bridge the gap between the daycare services and nursery schools relieving parents of the stress to start looking for a nursery school after their kid are ready to leave the day care service. The greater demand for accessibility and the top nourished services offered at affordable prices will contribute positively to the society there by enhancing the worth of elementary education for kids.

1.4 Scope and Limitation of Study

This study will focus mainly on Nursery and Day Care centers in Harare which is the capital city of Zimbabwe. The limitations of the study is the distance between me and my research area, some nursery and day care centers would not disclose all the information I needed because of confidentiality acts.

CHAPTER 2

LITERATURE REVIEW

In this chapter, the researcher is going to talk about the research and review different types of business plans, the structure, the good business plan and the bad business plan, what should be avoided in creating a business plan and what a business plan should contain. I will also talk about the different tools and techniques that are necessary for my business plan.

2.1 What is a business plan?

A business plan is the roadmap of where the business is going. It's a plan of what the business is about how it is going to be run, its customers, funders, employees, market, competitors, legal structures and all the business stakeholders. (Maltaenterprise, 2011) Says that a business plan is a thinking process that is done by businesses for a business itself, it has to be a written plan that identifies the needs for a successful business. According to (McCarthy, 2016) business plans can be the blueprint of a company's financial, operational and strategic plans. Business plans are the roadmap of the success of any business by playing a vital role in the creation of great businesses in the past decade. The plan is a tool which allows you to journalize your ideas, thoughts, perceptions and suggestions about a business on paper. They grant any business a clear way to achieve its goals and objectives, in the way pointing out the benefits and possible shortfalls that might be found along the way.

Business plans are diverse and different depending on the need of the business. Be it start up or a business wants to make strategic plans for future purposes. Business plans can be used for future purposes as well as fitting in the now. One would need an internal or operational business plan in order to improve projects and day to day operations of the business. If one is planning to grow any kind of business be it through mergers or takeovers a growth business plan will be right one to choose. Most businesses fail because of lack of adequate information about how to write the plans or wrong financial statistics, this will be

the write article to read to avoid such incidents and find solutions for a good business plan that can be internationally recognized.

2.2 Uses of Business Plans

Business plans play a vital role in business. Planning is an essential element of the success of any business. Business plans play a vital role in establishing a road map of the actions, goals of a business, be it running or planning to run. Business plans are used to monitor the direction of a business towards accomplishment of its goals, as a way to map a way for our business's future and for improvement of processes in an organization. (Hess, 2014) Argues that business plans are used for envisioning purposes, that is to get ideas, inventions, beliefs and aspirations on paper because when an idea is written down one gets organized and starts seeing what the business would look like in reality. (Wheelock, 2016) adds on to say that a business plan should be a map of the future of the business, that is how the business wants to proceed to its ultimate potential and also as a decision making guide in terms of its goals, vision objectives and mission statement.

Business plans can also be used for vetting purposes, writing a plan on paper makes one see the authenticity or reliability of their plan, whether your ideas or intentions are viable or realistic. This makes it easier for others to participate on the plan if there is a clear written plan.

Also business plans are used for learning purposes because for one to be written there is need for a research and the person writing should be educated. This includes research about the industry under study, competition, products and services as well as possible customers. He goes on to say business plans can be used for financing purposes for people who are considering investing into a new business or lending money, this is a way to see if the new business is realistic because of the envisioned financial projections. (Millyard, 2016) Supports by saying that business plans are there to clarify the direction of a business, since they define what the business intends to do in the coming years, the direction it needs to get there, its products and services and a clear description of its target customers. It is also used to know the future vision of the business, its future growth and

having an effective way to plan in terms of changes in the market. Clarifying the direction of a business allows it to have a clear goal or a target to reach. He also supports by saying business plans can be used to attract financing and he adds on to say that they show whether or not a business is capable of making profit, having written statistics, figures, graphs and a written plan gives the business better chances of attracting investors. Business plans can attract team members in terms of partnership or top level management to join the team getting into new business ventures whilst laying out all the potential it has. (McCarthy, 2016) Adds on to say that business plans can be used for mapping the business model of a company.

Business plans can be used for learning purposes, envisioning the future of the business, attracting financing and for direction purposes. In as much as the above mentioned authors said the business plans are used for attracting finance, we also believe they can be used for management purposes. In a business if there is a business plans, it outlines the structure of the organization, how centralized or decentralized the company is depending as well outlining who reports to who making the flow of information effective.

2.3 Types of Business Plans

Business plans differ from business to business, depending on the use and needs of starting up a new business or improving the existing one. Most business plans are mainly for startup purposes whilst others are for improving internal processes, expansion purposes, for seeking financial aid from banks or finance houses and for accessing the feasibility of the business. (Paige, 1998) There are six (6) types of business plans that anyone can choose from, namely start up, growth, operations, feasibility, strategic and internal purposes. He goes on to describe a Startup business plan as a plan that describes the company, products and services that they want to offer, market assessment, forecast of its financials as well as the projected management team. (Yapper, 2012)Add on to says start up business plan is the same as the investors business plan because it should be created in way that attracts investors and it should talk about the vision of the organization, its management teams, customers and skills required.

(Paige, 1998) Goes on to say there is an internal business plan, mainly to target the people within the business thus writing a plan for a proposed project. This plan considers the current position of an existing business, its profitability, operational expenses, and financial projections, how much it may cost to get the project running the projects market analyses, demographics targeted. Whilst a Strategic business plan is one that focuses more on the roadmap of a business for its future plans, goals and how they are planning to get there. It involves plans that lay the foundation of the company and its projected existence in the future. This includes the company's vision, mission statement, and critical success factors. It is more of the strategies that can be engaged into a business to achieve long term goals engaging the whole company for instance workforce in the plan.

In addition, the Feasibility business plans are those that focuses more on a proposed business that a company wants to venture into, this its includes the attempt to determine to who a product or service is to be sold to, and whether they will make profit on it. The plan involves issues on targeted demographics, need for the product or services. The plans ends with recommendations on the way forward for the business.

Operational business plans, mainly focuses on the internal plans of the business, states out how the business operations are mapped and there are deadlines assigned to the plan which outlines the responsibilities of employees to meet the deadlines. According to (Business Power Tools, 2016) the operational business plan is usually used by managers and board of directors of the business. Lastly, a Growth business plans is a written plan mainly forecasting on the expansion of the business. It outlines in-depth issues to do with where to get the investment for the expansion, required management and complete description of the company. In the growth plan they should be able to give out satisfying information about their company, its sales and financial projections to potential investors.

(Entrepreneurship, Wise Woman Igniting The Spirit Of, 2012) Says that business plans are not for one specific purpose but it depends with bases of the business purpose, function and the stages of growth the business is. He supports that there are Startup plans, internal plans, operational plans, strategic plans, growth plan as well as feasibility plan.

I believe business plans from one plan to the other depending with the reason behind creating them for example if one wants to evaluate the internal plans of a business it is better to consider doing the internal business plan rather than using the startup business plan. If a business plan is created and used in the rightful purpose it will be create tremendous results.

2.4 A good Business plan

A good business plan should be one that helps a business accomplish its goals and objectives. It should be written thoughtfully with all aspect of a company under consideration and this determines the success of the business. According to (Zwilling, 2010) great business plans should give a direction, establish effective communication and performance benchmark that weigh the strengths and weaknesses of their operations. He goes on to say that a business plan should have a clear problem definition which is an explanation of the business aims to solve, it shouldn't be a description of the company, one should avoid statements that do not really outline the credibility of the element being spoken about. It should include the solution and benefit that is an explanation on how the product or service works in simple language not using technical language, avoiding writing the details of the product. According to (Entrepreneur Media, 2017) a good business plan should show where the business is today, where it is going, the necessary resources needed and where it will be in the future

Industry and market sizing, one should consider the whole industry at large its market segmentation market movements and customer dynamics; this can be illustrated in terms of graphs and charts from accredited sources. There should also be a list of competition and sustainability that is the company should be able to identify all its competitors their and products, substitute products and the competitive advantage that you have over them. He goes on to say the marketing and sales strategy should give a summary of how the company will market its products as well as a mapped milestone.

The executive team should be outstanding in order to convince the investors that your team has all it takes to run the maybe the new start up with efficient and adequate

knowledge, that is the advisory board and other key stakeholders of the company should have deep knowledge about the company.

In addition, the funding requirements of the company should be written clearly, for example showing the amount of equity and debt the company has. A financial forecast should be included, thus for the revenues and expenses for the last 3 years and the projected ones up to 5 years. A breakeven point must be highlighted in the financial forecast. Lastly, he says every good business plan should have an exit strategy that's when you are able to payback its investors.

2.5 A Bad Business Plan

A bad business plan can be one that is over promising to the investors, shareholders or the employees directly involved in it, this tends to devalue the plan because it is unable to accomplish the laid goals and targets. This can be in the form of false information or statistics in the financial section of the business plan, causing mistrust with potential investors. (Hirai, 2001) Add on to say that a bad business plan is one that is poorly organized, too long, one that's too technical and does not have a risk assessment. Risk assessment of a business is essential in the sense that it allows the manager to be well prepared of possible risks, avoidable and the non-avoidable risks.

2.6 Outline of a Business Plan

The business plan has different outlines depending on its type and organization it is being prepared for. A business plan is a written document describing the plans for the business future, how it is done and what we are planning to do. A business plan should consist of the following, title of pages and contents, executive summary, description of business, description of products and services, market analyses, competitor analyses, operations and management, financial components of the business plan and supporting documents. Business dictionary says it is a blue print that guides a firm's strategies and policies and can be continually modified as new opportunities come and because of the ever changing world. It gives a summary of the firm's operational and financial objectives

for future purposes. They can be prepared for investors' sake, start up, improving the company status, improving products and services and to be competitive in the market.

2.7 Components of a business Plan

2.7.1 The executive summary

Summarizes everything in the business plan, this includes the business mission, the company and its management, the industry the company is operating in or wishes to operate in, its major trends, estimated industrial sales and the major competitors in the industry. In this one has to summarize the position of the business in the industry. (Haden, 2015) adds on to say that the executive summary must show the company's goals and objectives thereby giving the right picture about their products and services, market description, its growth potential and financial requirements.

2.7.2 Market analyses

This is the examination of the possible target market for your products or services, this also includes the geographical location, target needs of the market for example size of the market, demographics, and their income levels. In this stage the business decides how they are planning to meet their customers' needs and wants.

2.7.3 Competitive analysis

This is when we try to identify all our competitors that exist and those that may want to enter the same market. There is evaluation of their strategies in terms of how they sell their products and services, profitability, organizational cost structure strengths, weaknesses and their marketing objectives. We also have to know the market share of our competitors and potential threats of incoming companies or those that offer substitute products. This makes us realize our competitive advantage analyze the whole market.

2.7.4 Marketing plan

This is a written document that describes the current market position of our company, outlines the marketing strategy that the company wants to use to sell its products or in offering its services over a speculated period of time. (Duermyer, 2016) Says it is

where the ways and strategies of functioning in the market are highlighted. This includes details pertaining to the company's marketing goals, costs and action plans on how to achieve them. A good marketing plan should give clarity to who the company's market is and provides a direction in which the company wishes to take. In conclusion a marketing plan consists of where the business is now, its target market, goals for the period of the plan, the marketing tactics to reach the goal and how much it costs.

2.7.5 Management and Organizational Plan

The managing plan is the details of the business legal operating structure. This differs from one business to another. This includes both the internal and external management team as well as human resources needed. The ownership structure is the whether the business is a sole proprietorship of a partnership or a corporation. Internal management team, are the responsible persons that have the necessary skills in sales, marketing finance and human resources management. (Business Plan Section 3: organization and Management, 2014) Highlights that a concrete plan for how your business will run is a key component of its smooth and successful operation. External management resources are those that the company can employ part time for professional services or advisory for the company for example external auditors. Human resources are the employees needed to accomplish the outlined goals of the company, how we intend to compensate them and the staff recruitment.

2.7.6 Operating plan

Operational plan consists the aspects of production, machinery and equipment in an organization, differs from business to business depending on their functions (Browmwell, 2011). It describes the business, physical location facilities, inventory, suppliers, equipment and employees needed for example in the manufacturing business.

2.7.7 Financial Plan

Describes the funding of the business, whether we are going to apply for a loan or not, financial statement of the company. For example its balance sheet, cash flow projections and income statement. The company's operating and business expenses are also

written in this section. This section is the most scrutinized one and it has to be realistic. The financial plan can either determine whether a business can be trusted by investor and granted financial assistance or not.

2.8 Tools and Techniques

2.8.1 SWOT Analysis



Figure 2.1 SWOT Analysis

Source: (Duncan, 2016)

SWOT analysis is a process of discovering the strengths, weaknesses, opportunities and threats of a business and its operations. Strengths and weaknesses are the internal aspects of the business for example the staff and operations whilst external aspects of business are the opportunities and threats. Most business operational goals, financial plan and the current situation of a business can be brainstormed by using a SWOT analysis which can help to understand the current and past solutions as well as potential problems that may affect our business be it in already existing or a new venture. SWOT analysis is a framework of the importance of the internal and external forces in order to know its competitive advantage. It can help to understand whether problems in the organization are because of our implemented strategies or there is need to revise the strategies (Barney,

1995). I believe this analytical tool can be used in different aspects of a business depending on the various situations of the business.

SWOT analysis is a tool that can be used in assessing our marketing strategy of our business plan. According to (Everette, 2014) SWOT analysis can be used as a tool used in market sensing, which is the companies learn their environments that is their products services, channels of distribution, prices and promotions, giving the management an overview of current and future market. However SWOT loses its worth because of the way it is taught in business schools thereby being implemented incorrectly.

SWOT analysis helps to portray the strategic organizational situation of a business and identifies information needed for decision making purposes, on a personal or organizational level. (David, 1997) Goes on to support the view that the SWOT analysis can be an effective tool that can be used both on a personal level that is by individuals, groups or teams and in organizations.

In my business plan I will be using the SWOT analysis because it is a useful, quick way to get clarity about our internal and external business operations, for example improving our cost efficiency on our financial plan. (Finnegan, 2010), it is the most useful, easy and understandable, well known tool that can be used in all levels of the organization. SWOT analysis is usually used to support other tools in research such as the value chain analyses. Some authors say if it is used alone it may cover some of the important aspects of business but not all. If it is used together with other analytical tools such as the PESTEL, four corners and steep, it can be used in competitor profiling that is a critical aspect added on to strategic planning.

The SWOT analysis needs both quantitative and qualitative data from different sources which makes it authentic because this improves the company's decision making, communication and improves coordinate operations. It does not require any costs for training or acquiring technical skills to use it, an employee or hired expert can assist in

teaching others in the company how it works. However it might be subject to subjectivity analysis in case of bias of the individuals who collect the data for brainstorming sessions.

I believe the main flaws of SWOT analyses are lack of research prior to carrying out the analyses. (Brook, 1997) Says that the differences in the ways organizations implement the SWOT analyses determines its ability to be an effective tool.

It helps to determine threats maybe in new government policies or competitor's new advertising plan and ways to deal with them utilizing all the company's strengths and opportunities.

From analyzing the SWOT analyses i found out that it addresses issues in any company like, staffing issues, new product development, organizational structure, advertising, financial resources and operational efficiency.

However it doesn't address issues to do with how to use the results from the SWOT, can be interpreted wrongly in the business plan if the data collected was based on wrong information or judgment. The SWOT analysis tends to help in collection of a lot of information, it tends to generalize a lot of ideas but it doesn't give the best idea for the researchers to choose. In addition, from the pool of information gathered, the management has to be careful because not all information is relevant that is collected from the SWOT analyses. However it remains one of the most important tools used in business plans because it helps in discovering opportunities, problem analyses as well as showing the company's comprehensive competitor and feasibility analyses.

2.8.2 Risk analyses

Identify and manage potential problems that may occur in the running of a business at any point and time, be it now or in the future. (Palisade, 2016)Says it is systematic use of any available information to determine how often specified events may occur and the magnitude of their consequences when they occur. It can be carried out qualitatively or quantitatively depending on the data available for the business. Risk analysis helps to determine key problems that can affect our business, its processes as well as the

environment before they occur. However it can be difficult to carry out since one need to draw detailed information for the project plans, financial data, marketing forecasts and all information that is relevant to the company. Risk analyses may involve risk assessment and risk management. Defines risk analysis in Risk analysis is a systematic study of possible uncertainties and risks that can be experienced in business, it might be in engineering, public policy or medical field only to mention a few. Risk analysts seek to identify the risks faced by the business or a department and they have to understand how and when they arise and the weight of impact on the business. Risk managers start by risk identification of possible risks that may affect the business, and then seek to take actions that will mitigate or hedge these risks as illustrated in the diagram below.

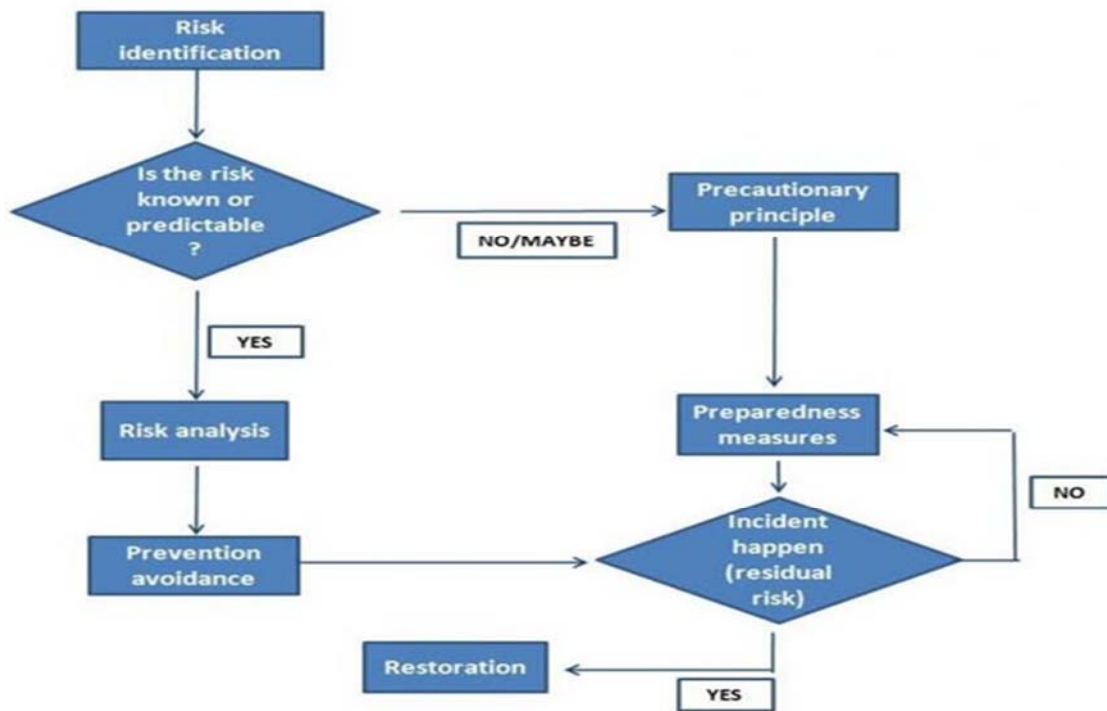


Figure 1. Flow diagram for risk policy (Ganoulis, 2009)

Figure 2.2 Risk Assessment

Source: (Ganoulis, 2009)

(Ganoulis, 2009) Supports the view that every business should firstly identify the possible risks that may affect the business then decide whether or not the risk is predictable or known if it is a NO the precautionary measure is adopted and if 'Yes' that is when they have to analyze the risk. This can be done by doing a risk assessment for it can be on the financial side of the business, safety of machines and working environment in the business. Preventive measures have to be taken into place in order to reduce the chances of the incident occurring and restoring the original function.

It is important to have a risk assessment and risk management in the business. (Khan, 2016) Says the risk assessment is a systematic way of looking at the activities that we have in the company and deciding what could go wrong this can be in form of damage of machinery at the work place or injury and deciding how they can be controlled. Risk assessment is important in the sense that it reduces the danger of our employees, customers, workplace and the whole organization in danger r. When it comes to employee safety, a risk assessment is required in order to eliminate as much of the risk as possible and to reduce the number of safety related incidents reported. A proactive measure would be to implement an investigation system into your workplace in order to conduct better investigations and properly manage any type of internal incident for instance i-Sight. The following systems will not let safety matters fall through the cracks, and will also help the management to make the workplace safer by following up on complaints and making the necessary adjustments to eliminate the problems.

Risk assessment is important in the business because it makes the employees happy. That is by a healthy safe working environment will result in positive employee attitudes and there will be fewer days taken off due to illness or stress, and a stronger commitment to the goals of the organization. Safety at work is a major concern for employees that should be considered, when employees feel safe at work, they give off their best. In addition it avoids possible failures to be incurred in the business because the business would have prepared for it in advance and devices ways to solve them as well as saving costs in case the problem occurs.

(Wisestep.com, 2016) Adds on to say there is need for a risk management process whenever there is risk analysis being carried. Risk management involves analyses, addressing proportional and the different difficulties provided in that particular risk. Risk is important because it is an ongoing process that can be graded against recent status. It has different stages that modulate to lack of preparation, planning and successful implementations of all the plans. It has operational efficiency that is realized upon the mitigation of negative risks. It has contingent policies over the preparation of business in the measures of treatment. In addition being aware of the risks enables one to concentrate on the risk treatments within the lessons learnt and are scheduled into lack of preparation.

Risk analysis can be a disadvantage in the sense that it may be difficult to implement for a short period of time since it needs monitoring the processes and situations in the company. It is also a costly analysis but very essential to the business. Most businesses do not give allowance for risk analysis because it is difficult to understand, it needs experts to run it in the organization. (Ramona , 2011) Argues that the risk management involves a lot of complex calculations in managing the risk and there are no universally accepted concepts of calculating it. It involves the important information that contributes to the employees standards that may be difficult to calculate mathematically if one does not the necessary skill to do so.

In as much as the risk analysis is difficult to implement, costly and ambiguous it should be included in any business plan in order to minimize the chances of these risks occurring and improving organizational operations.

2.9 Michael Porter's 5 Forces Model



Figure 2.3 Michael Porters 5 Forces Model

Source: (Wilkinson, 2015)

The Michael Porters 5 forces model is an analysis tools that can be used in any business plan for a comprehensive competitor analysis. It identifies and analyses five competitive forces that shape every industry and helps determine an industry's competitive advantage in form of its competition in the industry, potential of new entrants into the industry, power of suppliers, power of customers and the threat of substitute products which intern affects the company's profitability. Michael Porter is used to understand the influences in the market environment.

Threat of new entrants to an industry means that there are forces that influence entry into the market. This can be as a result of start price wars, gain market share and bring disruptive technology into the industry. (Porter, 1979) says that economies of scale, product differentiation and capital requirements are the main forces that determine the threat of entry of new companies. Bargaining Power of Suppliers, this is the power that supplier have over you. The more the suppliers are the cheaper their prices are.

Suppliers can exert bargaining power to their customers by raising or lowering down prices which will determine whether the company will make profit or not. Bargaining

power of buyer works in the sense that if there are a few customers demand for our product will be reduced and vice-versa. Threat of substitute products that is when our customers purchase our substitute product from another company, this may be as a result of the cost of the product, it might be costly more than the substitute. The business plan will enable managers to map out a way to make its products unique and improve quality so that it can be far above its substitutes. Rivalry is the intensity of competition in the industry that the company wants to enter into. It may be because of issues to do with stability of the companies in the market. In every market there are always market giants that are well known and they may enhance rivalry by devising better and cheaper methods of doing business that may affect the new firms.

. (Strassenburgh, 2013) Says businesses face a lot of trouble in trying to be competitive in the market, gaining market share as well as surviving in the market since it is difficult to know which strategies are worth pursuing based on a business' position in the industry and on the competitive nature of the industry itself.

He goes on to say that one will have the knowledge whether the competition is stronger than anticipated or not and will the business be able to gain any reasonable profits from such rivalry condition. An industry is bad when all the Michael Porters 5 forces are producing strong competitive pressure, having a negative impact on the industry profitability to low levels, which may cause the majority of the businesses to quit or leave the market because of the losses incurred in the market. This can be caused by intense competitive pressure from just 1 or 2 critical competitive forces that may hinder profitability of the company.

(Tony, 2006) Supports by saying it emphasized the importance of searching for imperfect markets which there is an opportunity of the company to enter that market and get greater return determining the industry's attractiveness and focusing on the market growth.

The advantage of using Michael Porters' 5 forces model is that it reviews the intensity of the competition and helps the business to devise strategic ways of dealing and

surviving the competition. It also helps a company finding ways to protect itself from competition in the market also giving direction of the company to take. For example if there is threat of a substitute product or service , the company may decide on way to improve the quality of product or service they are offering and it can also reduce its price so that consumers do not go for the substitute product. Using the Michael Porter's five forces model also helps the business shift the competitive forces to favor by altering the underlying factors driving the competitive pressure also for analyses and assumption of competitor future goals (Hunger, 2012)

However this model gives a pool of information about the competitive environment but it does not range with ones are likely to occur and their effect to the business. The Michel Porter five forces model can be used for industrial analysis but it cannot be used for only one company because it is based on the industry the company is entering. It tends to over-stress macro analysis, i.e.at the industry level, as opposed to the analysis of more specific product-market segments at a micro level. I believe that because of the dynamic changes in the market environment it may also affect the reliability of our data but businesses should ensure that they carry out a market analysis to ensure if the conditions of the market are stable then apply the model. Understanding the competitive forces, and their underlying causes, reveals the roots of an industry's current profitability while providing a framework for anticipating and influencing competition and profitability over time.

CHAPTER 3

BUSINESS MODEL AND ANALYSIS

According to (Chylinski, 2013) a business plan describes how the business will function, its structure, purpose, customers and its feasibility. Favour@5 is a Nursery and Day care center is a private owned company that to cater to children from as little as 4 month old to 5 years old. This Nursery and Daycare center seeks to close the gap of parents having to look for a Nursery school after their child has outgrown the daycare services. The center is situated in near the central business district of the city Harare in Zimbabwe which will offer quality and top class services at lower costs. The Daycare and Nursery center will be accessible and convenient for most parents to pick up their kids to and from work because it will be situated just near the CBD which is around Hillside suburb in Harare. Favour@5 is a safe growing environment for kids and it gives the children the freedom they need during the day as well as nurturing services.

For the day care services there are top class hired professional nannies will take care of the babies from morning till day end. For the Nursery services there will be about 5 full time qualified teachers who have experience in Early Childhood Development.

The Nursery and Daycare center will be run under Christian values and morals which will nature the children spiritually as they grow. The environment for the kids will be conducive, with up to date technological infrastructure and facilities. I will also focus mainly on the latest information technologies that will make the learning process faster and easier, in a fun and interesting way. It will seek to engage all the children in every activity that is offered in their different age groups.

3.1 Company Size

Favour@5 is a privately owned Nursery and Daycare center which will have approximately 20 employees for a start. The company will have an organizational structure enabling one to focus on their specific roles and responsibilities whilst assisting others if there is need to because it will be a small company there is need for team work.

3.2 Vision

To be the provider of top nurturing services at a low cost by 2020, in a safe and fun environment

3.3 Mission

- To provide quality services throughout each year, continuous improvement and engaging top class friendly staff members.
- To involve every child in activities run for their age groups
- To follow the Christian values and morals as a company
- To enhance a fun and exciting learning environment for the kids

3.4 Values

Favour@5 is a company that values:

- Integrity
- Honesty
- Christian morals
- Openness
- Happiness

3.5 Goals

- To be a low cost provider for both the Nursery and Day Care services
- To enhance a fun and open learning environment engaging the children along the way
- To be a top provider of Early Childhood Development nurturing services in the country

- To set up other nursery and day care service center outside the capital city in Manicaland, Mashonaland West and Matebeleland provinces in Zimbabwe.



CHAPTER 4

OPPORTUNITY ANALYSIS

4.1 Current situation

Establishing Favour@5 Nursery and daycare center will be a great opportunity in the market. This is because there are a few centers that offer the both services at one location. This may be an advantage because most parents nowadays would want to enroll their kids at a daycare center that will take them through to nursery school without having to change the environment for the kids. Parents would want to avoid the stress of having their child to adjust to a new nursery center from a daycare.

The majority of the Zimbabwean parents are educated but most of them are not formally employed, the majority own private businesses they run each day, so it will be the best option to send their children to Day care services whereby the kids spent the whole day at the center then they can pick them up at the end of day. The high unemployment rate will be is terrible but it can be an advantage for my company because I will have a wide range of choices on my workforce however i will be also reducing the unemployment rate for the development of my country. According to (Economics, 2017) the unemployment rate in Zimbabwe was about 11.3% in 2014.

Below is graph showing the unemployment rate in Zimbabwe



Figure 4.1 Zimbabwe Unemployment Rate

Source: (Trade Economics, 2017)

In addition, most parents are becoming hesitant to send their children to early development centers because of fear that they may adopt bad habits from other kids that may be contrary to the Christian morals. Setting up this nursery school will be an advantage to those parents who would want their kids to grow in a Christian environment and service as they grow.

Favour@5 will be located near the Central Business District in Hillside suburb which will cater to kids from other suburbs near and those with parents who work in town. Most parents face problems when trying to drop or pick their kids from school because of traffic in where most Nursery and Day care centers are located.

4.2 Educational system

Zimbabwe is a developing country working towards building its economy. However it may take time for a complete turnaround of the economy of my country. The educational system is one of the best in Africa because of the highly professional teaching staff. The educational system now is experiencing a shift towards digital and electronic learning systems. Although there is still a huge gap to be covered in terms of technological advancement, it will be great idea to offer up to date technologies in the Nursery and Day care center.

The threat in the education system is that most parents do not afford to enroll their children in good Early Childhood Development Centers because of the high unemployment rates in the country. So it will be competitive to offer these both Day care and Nursery services at a lower cost than other centers.

4.2 Market entry approvals

In order to launch the Nursery and Day Care Center there is need to have a license and certification by the government of Zimbabwe under The Early Childhood Development (ECD) department Ministry of Education, Sports and Culture. This process normally takes about 4-5 months the whole process. This will be easier because the general manager of the Nursery and Day Care Center has been working as an Education officer for the past 25 years he will assist in the structuring of our application and there is need for two week training for the teachers and the staff members before the center is launched. (Martha Dozva, 2012)

CHAPTER 5

FEASIBILITY ANALYSIS

Feasibility analysis is the process of determining whether a business idea is viable or not.

5.1 Product and Service Feasibility

Favour@5 will offer both Day Care and Nursery services at same location thereby mending the gap where most Nursery Centers do not offer Day Care Services. There has been a problem in my country whereby the Day care centers are separate from the Nursery school. The parents have to look for another place for Early Childhood Development after they have outgrown the daycare services. So launching Favour@5 will make the parents excited.

In addition, most couples have families that have about 3-5 kids on average, so having the Daycare center and Nursery center joined will be an advantage, for instance one child is in Nursery school and the other in the Daycare section. They will not have the pressure to drive to a different location to pick up the kids from difference centers.

According to the current situation in Zimbabwe now, it will not be a perfect idea to launch the school this year, the economic environment is not stable at the moment and there is cash crises in the country, however the government is trying to mend these economic problems. It will be a good idea to launch the school in 2019 that time I believe the economic environment will be stable.

Having a private owned child care or nursery school is a great idea but it also has its own flaws that cannot be avoided. Flaws such as injury of a child due to inevitable accidents at the school may be a big problem. Most parents want their kids to be in a safe environment but accidents are unavoidable. To resolve such situations I would ensure that parents sign a contract stating that any accident that happens to their child at the Daycare

or Nursery center premises, the company will be liable. For any child showing signs of any illness, the center will contact the immediate guardian to pick up their child for medical treatment.

5.2 Product and Service Demand

There is high demand of Nursery and Day Care services in my country because of rising birth rates and move to healthy diet, monitoring of pregnant women. I believe most low to middle income earning parents will enroll their kids because of the convenient location and affordable prices. Favour@5 will flourish because there is a rise in demand for better Early Childhood Development Centers in my country that provides up to date Information Technology devices and facilities for the children. Parents now understand that the foundations, Early Childhood development is an important stage in the educational cycle of any child, that is why there is high demand in good Daycare and Nursery centers in my country

Favour@5 Nursery and Day Care center will also provide top class services in terms of child care and ensuring that there is a fun and safe learning environment for the kids. In order to know what my target customers think about the new Nursery and Day Care center, I will have to carry out research on how they view the products and services on offer. I will get a research team of about 5 people and we go in the streets in the Central Business District and ask them about their views on the products and services that we will be offering at the Day Care and Nursery center. After the first year of operation the center will carry out another survey about the environment and services offered at the center to ensure continuous improvement. Please see **Appendix 1** for more information. In addition, we will go with our toys and learning materials in other Nursery and Daycare centers and observe how the kids react as they play and spent their day.

5.3 Industry and Target Market Feasibility

The Nursery and Day Care industry is very competitive at the moment because of the increasing demand for Information Technology and safe environment for kids however most offer the services separately which becomes an inconvenience to some parents.

5.3.1 Industry Attractiveness

Nursery and Day Care services will be offered at the same center are few in my country. From my analysis, most offer the services separately and the number of independent Day Care centers has deteriorated because of the unpleasant services being offered and the high costs charged. Most parents are always busy and they would want their child to be in a safe and fun Day care center but paying for unsatisfactory services is something that they want to try to avoid. The reasons why the industry is attractive is that:

a) Offering Both Services at the same center and location

The Nursery and Day Care center's way of targeting the market is by offering services, Nursery and Day Care services at the same center. This target market is not crowded; a few centers offer the both of services the likes of Mary Noble Nursery and Day Care schools. According to (Africanadvice.com, 2016) the most competitive nursery schools are in the outskirts of the city center and they do not offer Day Care services. This market whereby both services are offered is not crowded at the moment because most startup businesses in Early Childhood Development are concentrating more on preparing the kids who are to enter their first grade and not the babies that is then 4months to 2 year olds.

b) Services offered at lower costs than competitors

The Nursery and Day care services will be offered at a lower cost than competitors which will attract customers thereby increasing profit margins. All the extracurricular activities, day trips, will be included on the fees which is \$250 per month for Nursery kids and \$200 per month for the Day Care services. According to (center, 2014) the fees for Petite Nursery and ECD center is \$350 excluding transport and uniforms. Denby Nursery

and Day care center services start from a minimum of \$400 per month excluding accident insurance and uniforms. Favour@5 will focus on being a low cost provider and this will be achieved by sourcing our equipment, day to day requirements in bulk and from local providers, ensuring that quality of products is not compromised.

c) Growing population

According to (Factbook, 2014), Zimbabwe's birthrate births per1000 was rated number 35 out of 256 countries with a value of 32,41. In Zimbabwe babies are being born at a faster rate there by increasing the population growth of the country. This is because of the many campaigns on ensuring safe delivery, care of pregnant women as well as the move towards avoiding unhealthy contraceptives and awareness of healthy diets.

5.4 Target Market Feasibility

5.4.1 Target Market Segmentation

Market segmentation is whereby marketers divide the market into different customer segments in order to make it easier to meet the each market need. According to (James C. Cross, 2014) the market segmentation is important because it saves time and money in collecting unnecessary data that might not be used in the business.

My market segmentation will be demographically, geographically, income level and according to lifestyle of the customers.

a. Geographical Segmentation

The Nursery and Day Care Center will be located near town, the urban area. The center will attract customers around suburbs near town, the likes of Hillside, Greendale, Eastlea and Belvedere suburb.

b. Demographical segmentation

This Nursery and Day Care Center will target low to middle income earning parents approximately from 22 to 55 years old probably have 2 to 3 kids below 5 years. The Center

will be for both boys and girls. These parents will mainly small to medium enterprise (SME) owners, managers, and civil servants. It will target Christian parents who stay near or in town.

c. Lifestyle

The business will target parents, who value innovation and technological advancement in their kids, fun activities whereby their kids will be involved.

d. Income Level

It will cater to the low to medium income earners in the working in the Central Business District (CBD).

5.5 Target Market

Favaou@5 will target low to medium income earners from Christian families. Catering to this niche will be profitable because we will be focusing on one religion which will be better in handling the values and norms of one religion having different types of churches under it.

5.5.1 Target customer and market size trends

The Nursery and Day Care Center will target parents who are both working or own their small businesses. These are more flexible when it comes to paying the fees and costs of the services offered. In addition the customers should be willing to enroll their children in a top nurturing Nursery and Day Care center. Favour@5 will be located near the CBD of the Capital city Harare in Zimbabwe with a population of approximately 1.56 million people staying there in according to (World Population Review, 2016).

5. 6 SWOT Analysis

In order to understand the strengths and weaknesses of my Nursery and Day Care center i have carried out a SWOT analysis that should be considered.

a. Strength (S)

- Favour@5 center will be a low cost provider
- Most equipment for the center will be from a local supplier
- Professional team working, monitoring and playing with the kids

b. Weaknesses (W)

- New brand name, people may not know at first since it's a new center
- Inability to quickly adapt to changes in the market

c. Opportunities (O)

- The rising birth rates in the country
- Revision of the rules and regulations pertaining the running of ECDs Early Childhood Development centers
- The ability to expand to other provinces in the country the likes of, Manicaland and Mashonaland West

d. Threats (T)

- The unstable economic environment
- Ever changing technologies
- Entry of giant competitors who will be offering quality services at a lower cost than ours

5.7 Competitor Analysis

There are direct and indirect competitors in the market that may be a threat to my business. Direct competitors are the ones that offer both or one of the services, Nursery or Day Care services. I have a few competitors that are already in the market and most of them offer only one service either a Nursery or Day Care service. Most of the competitors are already in the market and they have invested much in their infrastructural development and curriculum for the Nursery kids. The likes of Abby's day, Denby and Little Busy Hands, they have a greater market share in the Early Childhood Development market.

Favour@5 has also indirect competitors that will cause threats to my business, the likes of online programs for the 3 to 5 year olds and personal home nannies that take care

of the 4months to 2year olds. Also some parents now ask their relatives to take care of their children whilst they go to work thereby avoiding Day Care services.

Table 5.1 Competitors Analysis

5.7.1 Competitive Advantage

Name	Cost	Location	Service 1/ both
Petite Nursery ECD Center	\$350/ month \$13/day baby sitting	Avondale	Both services
Abbys Day	\$300/ month \$350 Day Care/Month	Eastlea	Both 18 months-3 years
Denby Nursery School	\$400Nursery/Month \$300/ month	Avondale	Both Nursery and Day Care
Little Busy Hands	\$400/month	Greystone park	Nursery Service
Newlands Kindergarten	\$340/month for Nursery school \$280/month for Daycare services	Highlands	Both Nursery and Day Care
Rishworth House	\$450/month	Northern Side	Nursery service only

The competitive advantage that Favour@5 has over its competitors is that it offers both Nursery and Day Care services at the same center and the center is located near the

CBD Central Business District that attracts most parents near town and in nearby suburbs. Most centers are in Avondale or in the Northern suburbs of Harare which usually faces traffic problems before and after working hours. Since Favour@5 will start at a small scale, it will be in a better position to offer specialized and great care to the kids also at a low cost than competitors.

5.7.2 Competitive analysis: Michael Porters

Below is an analysis of Favour@5 competitive analysis using Michael Porters 5 Forces model.



Figure 5.1 Michael Porters 5 Forces Model

a. Threat of New Entrance (Moderate to High)

The threat of new entrance is moderate to high for Favour@5 Nursery and Day Care service. This is because of the movement towards technological advancement most owners who have better technologies and facilities for the children are likely to enter the market. In addition because of the government loosening policies on the educational sector to promote Early Childhood Development businesses that will make it easier for rivals to enter the market.

b. Threat of Substitute services and products (Low to Moderate)

Being a Nursery and Day Care service there are always other competitors who offer substitute services. The main substitute services are those from “stay at home” nannies and relatives whereby there will not be any need for parents to require Day Care services for their children. In terms of the Nursery services there is a threat of online kindergarten schools and private tutors that may substitute the Nursery services.

c. Bargaining Power of Suppliers (Low- Moderate)

In terms of the suppliers of equipment and other day to day services, their supplier power is low to moderate because there are many suppliers that are focusing on nursery facilities, equipment and toys at lower costs.

d. Bargaining Power of Buyers (Moderate to High)

The buyer’s power of parents bringing their kids at the Nursery and day Care will be moderate to high because there are a lot of competitors in the market and they have a wide range to select from if they do not consider about the location, services, cost, values and morals of the Early Childhood Development Center.

5.8 Organizational Feasibility

Organization’s management is the backbone of the success of any organization. Management expertise, organizational competence and resources are required to successfully launch a business. (Kaiser, 2008)Support by saying that management expertise, resources and organizational competence are the main aspects that determine

whether a business is ideal to the market. Favour@5 will be having a management team that will be zealous to see the success of the company. Qualified and professional team will be running the Nursery and Day Care center. The center will be divided into two sections, the Day Care service and Nursery school. Academic and professional staff will be employed at the center.

Organizational Structure

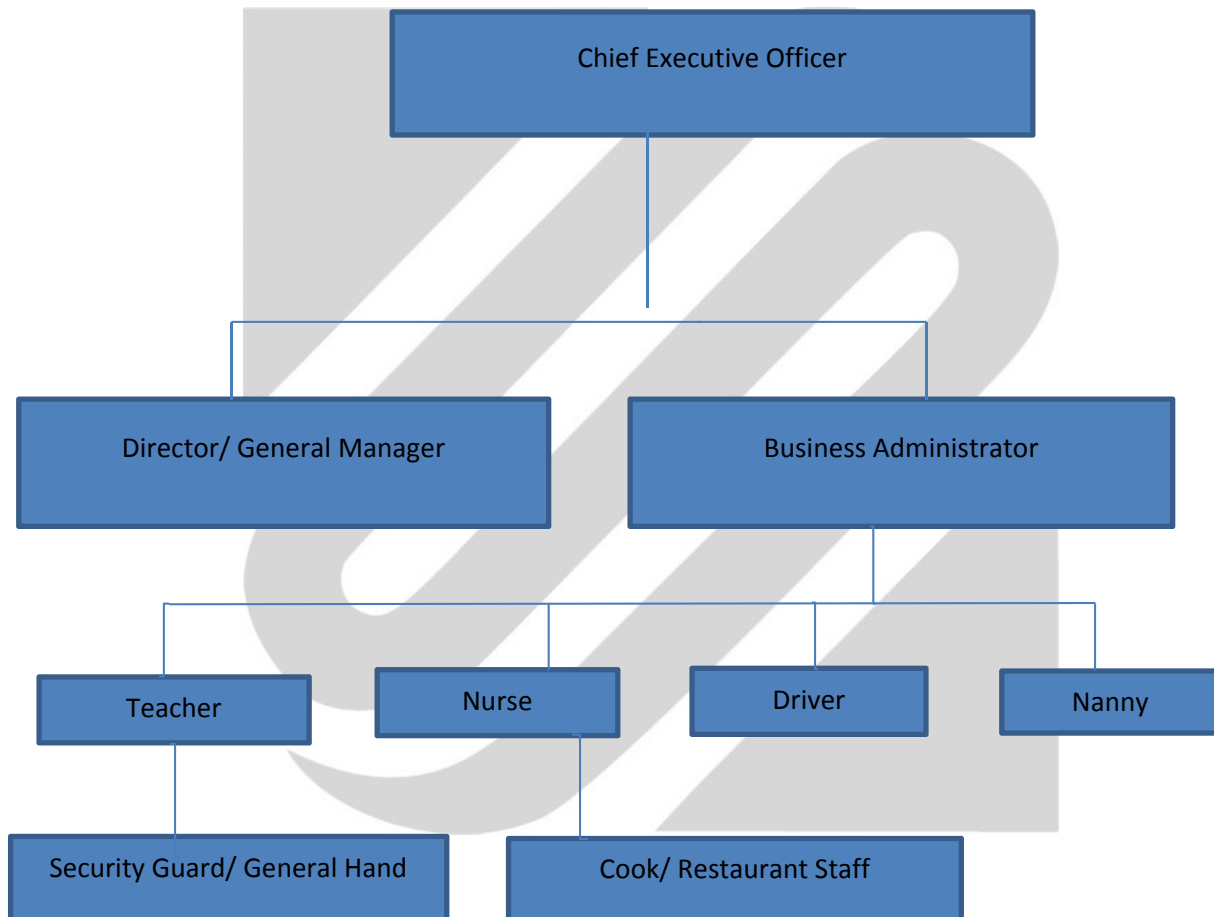


Figure 5.2 Organizational Structure

5.8.2 Management Prowess

a. Key management Personnel

The CEO

I Betty Margaret Tawanda Chiganga will be the CEO of Favour@5 Nursery and Day Care Center. A holder of a Master Degree in Business Administration from Stamford International University, Bachelor Degree Honors in Business Management and Entrepreneurship and a 2year experience as an infant temporal teacher, will enable me to run the business in a professional manner. I also have 1 and ½ year experience from working at an Information and Technology company named E learning Solutions that provides e-learning software and hardware for kids. I will be responsible for most of the work done in the company in its early years of operation be it external or internal operations. Issues to do with overall decisions of the business I will be responsible for that.

General Manager

I will employ a general manager who has a background of teaching and business administration with a minimum of 8 year experience in the teaching field. The general manager should be someone who also has experience in Day Care services for the little babies. I would employ Mr Timothy Chiganga for a part time general manager because he has 23 year experience in running Primary schools, infant education, has a back ground in managing and running infant development centers. I will look for a full time manager as the Nursery and Day Care center will be running.

Business Administrator

I will recruit a professional person who has a minimum of 5 year experience in a related post. They should be able to transform business processes in the Nursery and Day Care center. The administrator will be responsible with all the day to day activities of the center including approval of different activities of the center. The administrator will be responsible for the all the day to day operations, training, evaluating progress of the employees, ensuring a safe and peaceful working conditions at the center

Nurses

They will be responsible for the wellbeing of the children from the 4 month olds to the 5 year olds at the school. I will employ 2 nurses that have degrees in Public Health and Nursing as well as 4year experience in nursing field and infant health care.

Nannies

I will employ 4 nannies who have experience in baby care. They may not necessarily get to have a degree but experience counts. I will have to observe the way they handle and play with the babies. They have to be loving and caring nannies for the 4month to 2 year old babies in the Day Care service. The nannies should be creative and fun when playing with the babies.

Teachers

With the high levels of professional and qualified labor force in Zimbabwe, I would employ 3 teachers for a start. These teachers should have a Degree in Infant education or Early Childhood Development and 5 year experience in Infant Education. The nursery teachers should be willing to work hand on hand with the nannies will be taking care of the Day Care children.

General hands, security guards, drivers, restaurant stuff and cook

The following employees will be employed according to experience they have in their respective fields and they got to have a professional qualification in their fields.

The whole organizational personnel will work together to accomplish the goals and objectives of the Nursery and Day Care center. There will be meetings held after every 2 – 3 weeks for progress sake. Every employee should have a Police Clearance in order to work in the Nursery and Day Care center.

5.9 Risk assessment and Management

Risk assessment is essential in the running of any business. It is essential to analyze and prepare for possible risks that may occur in the Nursery and Day Care center. (Rob

Burgon, 2013) Says that's risk assessment is important because it protects the business and work force in terms of the country's laws. Risk assessment should be done so that we ensure a health and safe working environment for the employees and for the kids.

Health And Safety risk

In order to ensure that there is health and safe environment at the school, Favour@5 Nursery and Day Care center will ensure that there is close monitoring of the children in their respective playing areas and the all employees will be urged to continue checking on the electronic gadgets and playground area to ensure that it is safe for the children. The center will ensure that parents sign a contract stating that any accident that happens to their child at the Daycare or Nursery center premises, the company will be liable. Any other accidents or illnesses that may occur to a child outside the Day Care and Nursery center, the parent or guardian is liable for that. The center will not allow parents to leave a child who is showing signs and symptoms of illness at the school. For any child showing signs of any illness, high body temperature and feeling irritated, the center will ensure that the hired nurses perform first aid on the child whilst contacting the immediate guardian to pick up their child for medical treatment.

Authorized Guardians

In order to avoid situations whereby unauthorized persons comes to pick a child without approval from the guardian or child's parents, there will be strict rules to ensure safety for the children. The child's guardian or parent will have to sign a drop in and pick child form. The form only allows 3 persons from the family who are allowed to pick up and drop the child at the center or at the bus stations where the Nursery bus hands over the children to their guardians. They should show their identity cards coming in at the Nursery and Day Care center. In cases that the responsible guardians or parents are unable to pick up their child, whoever will be sent should present their identification card, following a phone call to the parent of the child before releasing him/her. A CCTV will be installed at the center to monitor all activities and actions that happen around the whole center.

Emergency Situations

In case of emergency situations, the staff members will be urged to respond with immediate effect for the safety of the kids. In cases of disasters such as floods or fires, the staff members will be responsible for evacuating the children from the Nursery and Day care center to an appointed safe place. However there will be fire alarms and emergency exit points that the staff should use to ensure safety for both staff and the children.

5.9.1 Resource Sufficiency

Establishing Favour@5 Nursery and Day Care center will require a lot of resources. In terms of the venue of our Nursery and Day Care center I will be renting a home in Hillside area that will be big enough to accommodate the children the first 3-5 years. As the years pass by we will consider buying the premises in future.

For the outdoor and indoor playgrounds, there will be need to acquire from local manufacturers and also from China. The Nursery and Day care center will consider contracting a local manufacturer of playground equipment and also engaging E Learning Solutions private limited company in Zimbabwe that focuses on online learning software and hardware for kids. It will be an advantage engaging E learning Solutions because I have worked in the company before.

Key personnel support in the company are mainly my immediate relatives who are willing to help in the startup of the Nursery and Day Care center who will also assist in getting Intellectual Property rights .

In terms of partnership, I will opt to partner with my dad on the running the center in the 4th year of operation depending on the progress of the Nursery and Day Care center.

CHAPTER 6

MARKETING AND SALES PLAN

6.1 Marketing Plan

Marketing and sales plan is important in the launching of Favour@5 Nursery and Day Care center. A marketing plan should show the targeted customers, competitors, possible niche and it describes the market actions to be taken, time and costs involved. I believe the marketing plan should show exactly how the business will get to its customers, how they will attract them and it should show the possible competitors of the business. In order to ensure success for Favour@5 Nursery and Day Care, will be using the marketing mix to market the center namely product/service, promotion, place, people, price and physical evidence.

6.1.1 Product/Service

Favour@5 offers both Nursery and Day Care services for children from as little as 4 months old up to 5 year olds. The centers will ensure a safe and fun environment for the children. The center will hire professional staff that will lead the children in a lot of creative learning and activities that encourage children involvement for the ones in the nursery school. There will be interaction between the little kids and the nursery ones which will encourage fast growth for the little ones. Favour@5 is a Christian private owned company that seeks to raise the children in God fearing way building good morals and Christian values along the way.

6.1.2 Place

Our Nursery and Day care center will be located in Hillside suburb near the Central Business District. The location will target parents who work in town and who live near Hillside suburb. This location is convenient for parents because it is free from traffic when picking up and drop their children at the Center. Considering the other suburbs near town, I choose Hillside because there are low crime rates in the area and its environment is

conducive for kids and easily accessible for the parents unlike Belvedere and Sunning dale suburbs. In case the competition intensifies, my contingency plan is to change the location to another district named Chitungwiza next to the Harare District which has approximately lower of about 1.1 million people population than Harare.

See below the Ariel view of the location site

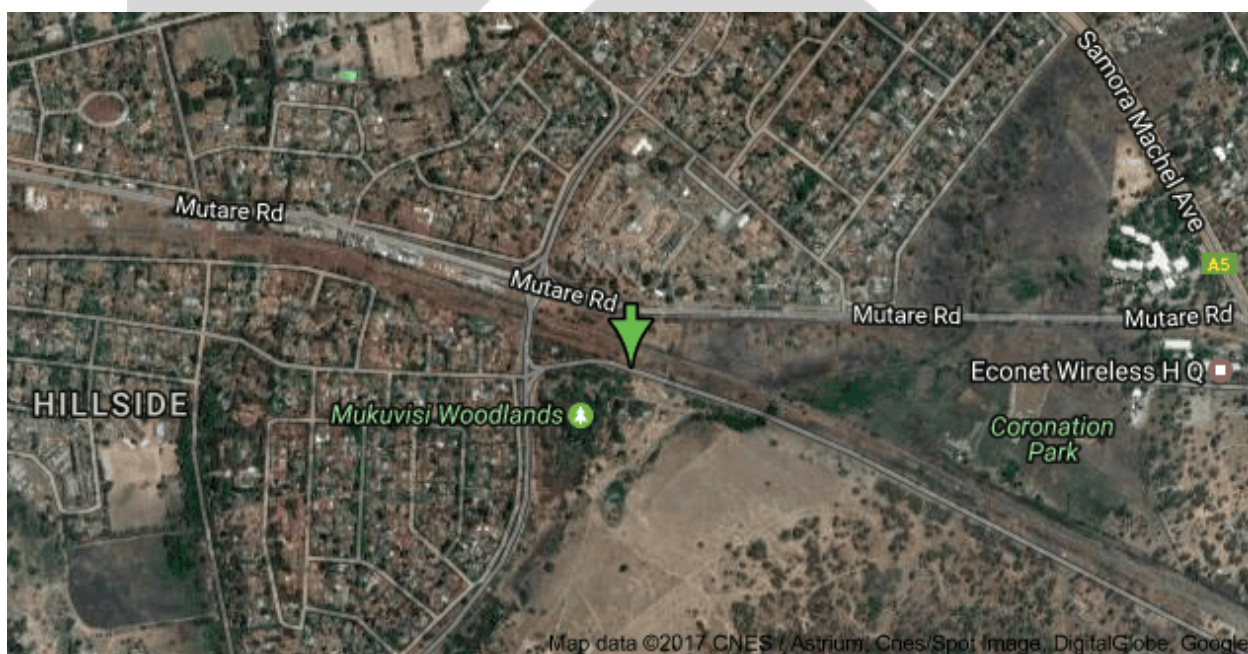


Figure 0.1 Hillside Ariel View, Harare, Zimbabwe

Source: (maplandia.com, 2016)

6.1.3 Pricing

Favour@5 Nursery and Day Care center is a focused low cost provider, targeting low to medium earning families. In order to be a low cost provider we will focus more on economies of scale in terms of acquiring furniture, equipment and daily requirements for the center. For the Day Care service, the weekly rate will be \$70 from 7am to 5:30pm every day and \$250 for a month including food and transport. The Nursery kids they will pay a

monthly fee of \$200 from 7 am to 5:30pm. The center runs from Monday to Friday and upon special request especially for the Day Care babies, it may open during weekend from 7am to 12pm and will be charging at \$5/ hour. The prices above include uniforms for the nursery kids, transport, food sports attire and accident insurance. If a parent has one child in Nursery and the other in the Day Care service, they will be given a 15% discount on the fees.

6.1.4 Promotion

Promotion is the most important aspect of the Nursery and Day Care. From the analyzing the environment at the moment, it is important to know exactly how to reach the parents to bring their children to the center. The first thing that will do is to gather focus group of around 10 professionals who have knowledge Nursery and Day Care services people, ask them questions about our how we will offer the Nursery and day care services. In this case we will obtain different opinions an ideas about what should be improved, done and issues to revisit before launching our school.

We will then distribute flyers and posters in Harare City Center. These flyers will have information about the Nursery and dare Care center, about its uniqueness and value that it has. We will consider promoting our school by inviting them for a grand tour at the school so that the customers see the services that we offer and the environment. In this grand tour we will invite the Minister of Education Sports and Culture to grace the occasion.

In addition for our center to be widely known we will have to use the social media, the likes of a Facebook and WhatsApp, they get information moving at a faster rate. We will also consider advertising on the national Zimbabwean Television Station (ZTV). In the advert we will engage the e-Learning software programs and hardware that's on offer ads well as the toys and fun playing indoor and outdoor playgrounds for the babies and kids.

6.1.5 People

According to (Louch, 2014) the workforce of any company may determine the outcome of the results from its operations, high performance can be determined by the competency and capabilities of the workforce. For Favour@5 we will focus more on professionalism, passion and experience in choosing the right personnel for our Nursery and Day Care center. Without passion we will not be able to cater to the babies and kids because they need love and care at this tender age. Our vision, mission and objectives can only be met when we have employees that have the right competences and capabilities.

6.1.6 Physical Evidence

The physical evidence is what the people see when they get at the school. We will ensure that the place where we will be renting in Hillside Suburb undergoes renovation processes that will make it a nicer and attractive place. The Nursery and Daycare center will have beautiful pictures and wall papers on the dural hall as well as the buildings. The playgrounds both indoor and outdoor will have beautiful and playful pictures that will attract both the kids as well as the parents. We will ensure that there the environment and the colors are cheering and creates a happy mood for the kids.

6.2 Sales plan

A sales plan is consists of my sales objectives for the Nursery and Day Care Center, how I will achieve being a low cost provider and not compromising my profits. Since Favour@5 will be new center for children, I assume that it will have minimum of 100 numbers of children both part time and full time in the first years of operation. But before the main sales plan, I will carry out a pre- marketing and pre sales activities.

6.2.1 Pre marketing and Sales Plan

The pre marketing and sales activities will be carried out for a 3 month period before the business opens. The following are the activities that are going to occur in that period:

Advertising in schools and churches

The researcher will advertise Favour@5 Nursery and Day Care center at special occasions in school functions such as Prize Giving Days and School Consultation Days. I will also advertise in church functions such as Conferences and Revival Services that attracts a lot of people. According to (Majuru, 2014), church gatherings in Zimbabwe can have more than 150 000 attendants. This will be a very good place for the advertising. In my advertising, I will be giving out speeches about the new Nursery and Day care Center as well as highlighting its benefits over ordinary early childhood development centers. In addition, I will distribute flyers and posters with information and pictures of Favour@5 Nursery and Day Care Center. The Center will also advertise through social media such as sending what's app and Facebook messages.

People Involved

Using random sampling, I will select about 9 families from the conferences and school functions who would have contacted us back requesting for more information about the Center. They will enroll their kids for either Nursery or Day Care Services that is approximately 20 kids will be enrolled. For my staff, i will employ about 5 employees, on volunteering bases. For the parents, we will interview them about issues to do with the Nursery and Day Care center, how they feel about the services and environment. The responses will be taken into consideration before the final Launch Day in January. Please see **Appendix 2** for the sample Interview questions.

Presales Mini Budget

Table 6.1 Presales Mini Budget

Item	Cost in US \$
Flyers	\$700
Transport and food	\$400
Social Media (what's app and Facebook)	\$100
Total	\$1200

6.3 Main Sales Plan

Assumption 1: Nursery Service Part time and full time Students in year 1

The following table is an assumption of the monthly enrollment at

Favour@5 Nursery kids for: **Year 1**

Month	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec
Fulltime kids	20	20	20	20	35	35	35	35	40	40	40	40
Part time kids	10	10	10	10	15	15	15	15	20	20	20	20
\$250/ Fulltime	5000	5000	5000	5000	8750	8750	8750	8750	10000	10000	10000	10000
\$200/ Part time	2000	2000	2000	2000	3000	3000	3000	3000	4000	4000	4000	4000

Assumed Nursery enrollment Revenue for year 1

Full time: **\$95 000**

Part time: **\$36 000**

Total Nursery enrollment (Full time + Part time) = **\$131 000**

Assumption 2: Day care part time and full time Students in year 1

The following table is an assumption of the monthly enrollment at Favour@5

Day Care kids for: Year 1

Month	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Fulltime	5	5	5	5	10	10	10	20	20	20	20	15
Part time	10	10	10	10	20	20	20	30	30	30	30	25
\$200/ Fulltime	1000	1000	1000	1000	2000	2000	2000	4000	4000	4000	4000	3000
\$150/ Part time	1500	1500	1500	1500	3000	3000	3000	4500	4500	4500	4500	3750

Assumed Day Care enrollment Revenue for year 1

Full time: **\$29 000**

Part time: **\$36 750**

Total Daycare enrollment (Full time + Part time) = **\$ 65 750**

Total Nursery and Day care Center Revenue for year 1 is (\$131 000 + \$65 750)
=\$196 750

Year 2 Revenue

Assuming that Nursery section year 2 enrollment increases by 10% for the Full time kids and 5% for the part time from year 1:

Full Time Nursery kids increase by 10% = \$104 500

Part Time Nursery kids increase by 5% = \$37 800

Total (Full time + Part Time enrollment) = \$ 142 300

Assuming that Day Care section year 2 enrollment increases by 10% for the Full time kids and 5% for the part time from year 1:

Full Time Day care kids increase by 10% = \$31 900

Part Time Day care kids increase by 5% = \$38 587.50

Total (Full time + Part Time enrollment) = \$ 70 487.50

Year 2 Total assumed revenue = (Nursery + Daycare revenue)

=\$212 787.50

Year 3 Revenue

Assuming that Nursery section year 3 enrollment increases by 30% for the Full time kids and 25% for the part time from year 1:

Full Time Nursery kids increase by 30% = \$123 500

Part Time Nursery kids increase by 25% = \$45 000

Total (Full time + Part Time enrollment) = \$168 500

Assuming that Day Care section year 3 enrollment increases by 30% for the Full time kids and 25% for the part time from year 1:

Full Time Day care kids increase by 30% = \$37 700

Part Time Day care kids increase by 25% = \$45 937.50

Total (Full time + Part Time enrollment) = \$ 83 637.50

Year 3 Total assumed revenue = (Nursery + Daycare revenue)

= \$252 137.50

CHAPTER 7

FINANCIAL FEASIBILITY

7.1 Starting up

In starting up Favour@5 Nursery and Day Care center, we will incur costs in acquiring the license for running the center as well as for the furniture, build in material for the indoor and outdoor play grounds, renovations as well as advertising the center tour customers

Table 7.1 Start Up list of Capital Expenditure

Start Up Capital Expenditure	Cost in \$US
Licensing (first term)to the Ministry	\$ 1500
License for eLearning Software (term)	\$650
Indoor Playground	\$4000
Outdoor Playground	\$8000
Furniture(beds, mattresses, tables, chairs)	\$1400
Office Furniture +Learning material)	\$1500
Renovations (building, swimming pool, grounds)	\$8000
Generator	\$2500
Total Capital Expenditure	<u>\$27550</u>

Table 7.2 Start -Up List of Expenses

Startup Expenses for the year	Cost in \$US
Rent deposit (3year)+ Internet and Telephone Installation(\$3000 +200)	\$3200
Water Bill and Electricity	\$800
First Aid Equipment	\$200
Pre Sales and marketing Activities	\$1 200
Total Expenses	<u>\$5400</u>

Table 7.3 Start -Up Funding (Capital Expenditure+ Expenses)

Start Up Funding	\$ US
Total Start -up Capital Expenditure	\$27550
Total Startup Expenses	\$5400
Total Required	<u>\$32 950</u>

For my contingency plan to cover any extra or unforeseen expenses incurred in the starting up of the business, I will borrow a loan of about \$10 000 as a capital reserve from Zimbabwe Entrepreneurship Association which is repayable over a 5 year period of operation.

7.2 Projected Salary expenses for Year 1-3

Table 7.4 Projected Salaries Expense Year 1

Individual Position	Number of Employees	Salary/Month	Total Year Salary
CEO	1	\$1 800	\$21 600
Director /General Manager	1	\$1 200	\$14 400
Business Administrator	1	\$1 000	\$12 000
Teachers (Full time)	3	\$350	\$ 12600
Accountant (Part Time after every 3 months)	1	\$400	\$1 200
Nannies	3	\$250	\$9 000
Nurses	2	\$350	\$8 400
Drivers	2	\$300	\$7 200
Cook	1	\$250	\$3 000
Restaurant Staff	2	\$200	\$4 800
Security Guard	2	\$200	\$4 800
Gardner (Part Time)	1	\$100	\$ 1200
General Hand	2	\$150	\$3600
Total Projected Salary Expenses			<u>\$103 800</u>

Table 7.5 Projected Salaries Expense Year 2

Individual Position	Number of Employees	Salary/Month	Total Year Salary
CEO	1	\$1900	\$22 800
Director /General Manager	1	\$1250	\$15 000
Business Administrator	1	\$1150	\$13800
Teachers (Full time)	3	\$380	\$ 4560
Accountant (Part Time after every 3 months)	1	\$400	\$1 600
Nannies	5	\$260	\$15 600
Nurses	3	\$380	\$13680
Drivers	2	\$320	\$7 680
Cook	1	\$280	\$3 360
Restaurant Staff	3	\$200	\$7 200
Security Guard	2	\$200	\$4 800
Gardner (Part Time)	1	\$120	\$1 440
General Hand	2	\$150	\$ 3600
Total Projected Salary Expenses			<u>\$115 120</u>

Table 7.6 Projected Salaries Expense Year 3

Individual Position	Number of Employees	Salary/Month	Total Year 3 Salary
CEO	1	\$2000	\$ 24 000
Director /General Manager	1	\$1300	\$15 600
Business Administrator	1	\$1200	\$14 400
Teachers (Full time)	4	\$400	\$19 200
Accountant (Part Time after every 3 months)	1	\$400	\$1 600
Nannies	5	\$300	\$18 000
Nurses	3	\$400	\$14 400
Drivers	2	\$320	\$7 680
Cook	2	\$320	\$7 680
Restaurant Staff	3	\$280	\$10 080
Security Guard	2	\$280	\$6 720
Gardner (Part Time)	1	\$120	\$1 440
General Hand	2	\$200	\$4 800
Total Projected Salary Expenses			<u>\$145 960</u>

In the 3rd year of operation that is when e will increase the number of employees depending on the rise of the number of kids enrolling at the Nursery and Day Care Center.

7.2 Income Statement

Table 7.7 Favour@5 Income Statement

Revenue	Year 1	Year 2	Year 3
<u>Income</u>			
Full time + Part Time Registration Nursery	\$131 000	\$142 300	\$168 500
Full time + Part Time Day Care	\$65 750	\$ 70 487.5	\$83 637,5
Total Income	\$196 750	\$212 787,5	\$252 137,5
<u>Less Expenses</u>			
Rent	\$30 000	\$30 000	\$30 000
Utilities(water, Electricity, Bills)	\$3300	\$4800	\$5000
Maintenance cost	\$1500	\$1000	\$800
E learning Solutions License	\$1500	\$1500	\$1500
Operating License	\$ 800	\$ 800	\$ 800
Marketing	\$4000	\$3200	\$1 000
Supplies	\$18 500	\$18 000	\$19 000
Start Up Expenses + Capital	\$32 950	–	–
Pay roll expenses	\$103 800	\$115120	\$145 960
Total Expenses	\$196 350	\$174 420	\$204 060
Net profit before Tax	\$400	\$38367.5	\$48 077.5
Less Tax (25%) (PKF Worldwide Tax Guide 2013, 2013)	(\$100)	(\$9591,9)	(\$12 019.4)
Total Net Income	\$300	\$28 775.6	\$36 055.1

The income statement above shows the predicted income that the center will have for a period of 3 years from the year of operation.

7.2.1 Net profit analysis for 3 years

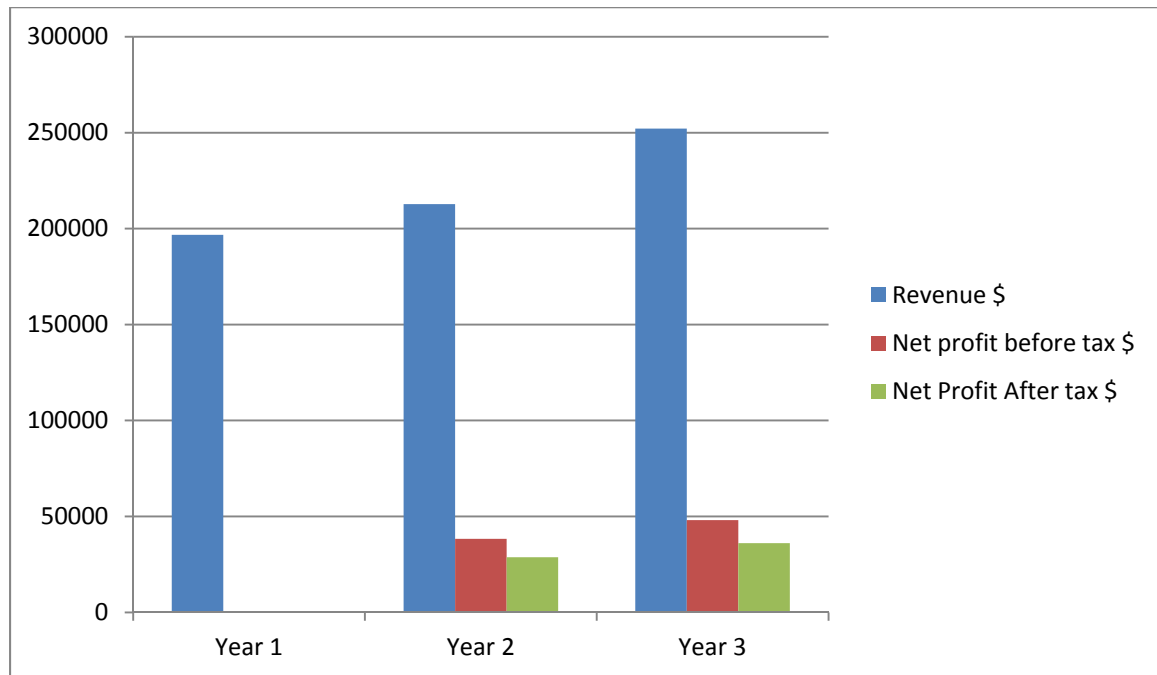


Figure 7.1 Net Profit Analyses for 3 Years

7.3 Projected Cash Flow

Table 7.8 Projected Cash Flow for 3 Years

Cash Inflow	Year 1	Year 2	Year 3
Initial Investment	\$40 000	–	–
Credit Sales revenue	\$196 750	\$212 787.5	\$252 137.5
Total Cash Inflow	\$236 750	\$212 787.5	\$252 137.5
Cash Outflow			
Rent	\$ 30 000	\$ 30 000	\$ 30 000
Operating License Fees	\$ 800	\$800	\$800
Supplies	\$18 500	\$18 000	\$19000
Start Up (Expenses+ Capital)	\$ 32 950	–	–
Pay Roll	\$103 800	\$115 120	\$145 960
Marketing	\$4 000	\$3 200	\$1 000
Utilities	\$3 300	\$ 4 800	\$ 5 000
Maintenance	\$1 500	\$ 1000	\$800
E Learning Solutions license	\$ 1 500	\$ 1 500	\$1 500
Total Cash Outflow	\$196 350	\$174 420	\$204 060
Net Cash Flow	\$40 400	\$38 367.5	\$48 077.5

7.4 Balance Sheet

Table 7.9 Balance Sheet

<u>Current Assets</u>	Year 1	Year 2	Year 3
Cash	\$236 750	\$212 787.5	\$252 137.5
Accounts Receivables	–	–	–
Total Assets	\$236 750	\$212 787.5	\$252 137.5
Current Liabilities			
Salaries payable	\$ 103 800	\$115 120	\$145 960
E-learning Solution License	\$1 500	\$ 1 500	\$1 500
Operation License	\$800	\$800	\$800
Total Liabilities	\$106 100	\$117 420	\$148 260
Equity			
Owners Capital	\$40 000	–	–
Retained Earnings	\$90 650	\$ 95 367.5	\$103 877.5
Total (Equity + Liabilities)	\$236 750	\$212 787.5	\$252 137.5

7.5 Pay Back Period

Revenue/ Year = (\$196 750+ \$212 787, 50 + \$252 137.5)

= \$661 675/3

= \$ 220 558, 33

Expenditure/ Year = (\$196 350+ \$174 420+ \$204 060)

= \$574 830/3

= \$ 191 610

Revenue – Expenses = \$ 220 558, 33- \$ 191 610

Net Profit/ Year = \$ 28 948.33

Pay Back period = Start-up costs/ Net Profit

= \$32 950/ \$ 28 948.33

= 1.1382

= 1 year 1 month

Therefore payback period for Favour@5 Nursery and Day Care Center will be in 1 year, 1 month.



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APPENDICES
Appendix 1

Favour@5 Nursery and Day Care Center: Parent's Short Survey

Please take time to answer the following questions. All the responses to this survey will be kept as private and confidential information.

1. Age of child

4months- 1 year

1-2 years

3-5years

2. My child is enrolled at Favour@5 in the

Day Care

Nursery

3. **May you please select the option which best describes the conditions and how you feel about the services offered.**

	Always	Very Often	Sometimes	Rare	Never
Welcoming environment					
Safe and clean environment					

The children are clean and presentable					
Adequate playing and learning material					
Healthy Menu(Displayed)					
The staff relate warm, friendly to kids and parents					
The staff is approachable					
Progress Report is issued end of each week.					

4. Overall satisfaction of the services and environment for your child

Very satisfied

Satisfied

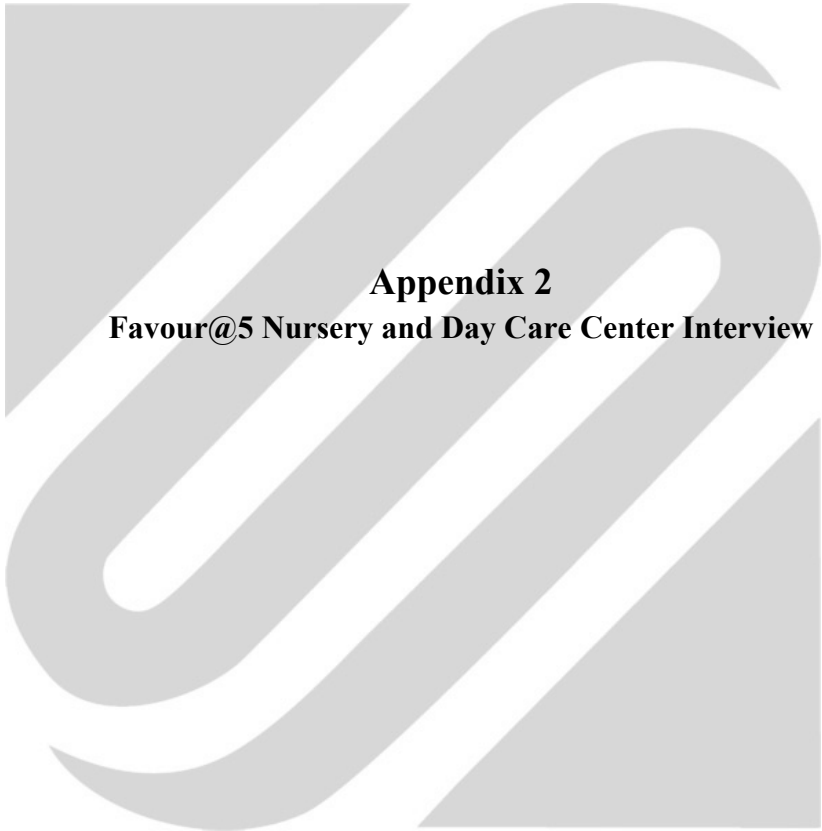
Somehow Satisfied

Not Satisfied

No answer

5. What is unique about Favour@5 Nursery and Day Care Center?

6. Any suggestions on what needs to be improved or added to Favour@5 Nursery and Day Care Center



Appendix 2
Favour@5 Nursery and Day Care Center Interview

Please answer the following questions. To help us know about your child and the services we are offering.

1. How old is your child?
2. How many kids have you enrolled at the center?
3. How do they feel being enrolled at Favour@5 Nursery and Day care Center?
4. Does your child have and difficulties or physical challenges? If any please specify
5. Does your child have any health problems? If any please specify.
6. Do you like the environment at Favour@5 Nursery and Day Care Center?
7. In the past 3 months has your child developed socially?
8. Do you think this is the best place for your child to enroll?
9. What do you hope for your child in the future?
10. Is there anything you want improved at the Center? If any please specify

Thank you for your contribution and response

BIOGRAPHY

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