

Developing a Business Start-up Plan

If you're setting up a new family child care business, you need to develop a start-up plan that will help you anticipate and address any issue that could derail your new enterprise. Planning ahead can save you time and money later on

Here's a checklist of issues you should address before beginning your business:

Regulatory

Contact your local child care licensor to find out if there are any serious barriers to you meeting the licensing requirements. These could include:

Safety standards – requirements that you make safety modifications to your home, such as installing an egress window or outdoor fence. Your home may also have to pass inspections by the building and fire departments.

Space standards – requirements that you have enough indoor and outdoor square footage available to children.

“Disqualification factors” – requirements that you have a criminal background check that may include looking at any history of mental illness or chemical dependency in you or a family member.

Legal

Check with the appropriate agency to insure that none of the following legal barriers apply to your business:

Zoning laws – city or county zoning ordinances may limit your ability to run a business out of your home.

Deed restrictions – private landowners, such as homeowners associations, home developers, and landlords may have restrictions in your deed that limit your ability to operate your business. Read all deeds and covenants for your property before opening your business.

Business name – although you are not required to adopt a separate name for your business, if you do some states require that you register your business name with the secretary of state's office.

Business structure – the vast majority of providers should operate their business as a sole proprietorship. There is no paperwork to file to do so. If you are considering operating as a partnership, corporation, or limited liability company (LLC) I strongly recommend that you consult with an attorney and tax professional for advice.

Business location – if you are considering running your business out of a building that you do not live in, consult with your child care licenser, Food Program, and zoning office to learn about the impact of this decision.

Start-Up Costs

As a new provider, you'll have to spend some money to get your business off the ground. Start-up costs can vary a lot, depending on your personal circumstances, business goals, and the community you live in. In most cases, the cost of starting a family child care business is pretty low (unless you are required to make home improvements).

Some states require providers purchase certain items before they can start caring for children. These can include:

Licensing fees

Smoke detectors or fire extinguishers

Criminal background check

Fire and building inspection fees

Well water test

Medical exam or tuberculosis test

Safety items (outlet covers, child safety locks, a first aid kit, a security gate)

Toys (indoor and outdoor)

Training classes

Vehicle expenses (mileage for trips involved in meeting licensing rules)

Children's activity expenses (books, music, child care curriculum)

Cribs and playground equipment

Home remodeling (egress window, fence)

There may be other start-up expenses that are necessary, even if they are not required by licensing rules. These could include:

Homeowners insurance

Business property insurance

Business liability insurance

Vehicle insurance

Play equipment for children

Advertising expenses

Office expenses

Security system

Family child care association dues

Here are some strategies for keeping your initial expenses low:

Check out books, videos, and music CDs from the library

Buy used toys and equipment at yard sales or on www.craigslist.org

Organize a book and toy exchange with other providers

Use the neighborhood playgroup rather than buying your own equipment

Shop wisely for food – use coupons, buy in bulk, shop

For more details about your business start-up plan, see Family Child Care Business Planning Guide – www.redleafpress.org

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