playground

How to Write a Daycare Business Plan

A step-by-step guide to planning a child care program that opens on time, stays licensed, and actually turns a profit.

INTRODUCTION

Most daycare business plan templates online read like they were written for a coffee shop. They tell you to write an executive summary, sketch a SWOT, and describe your concept. Then they hand-wave the two things that actually decide whether your program survives: **your real numbers and your licensing timeline.**

This guide is different. It walks you through every section a lender or licensor expects to see, and it spends the most time where the real risk lives: your ratios, your facility, your open date, and the monthly math that determines whether you can pay yourself.

What a daycare business plan is actually for

1. Decision Tool

Answers whether the program can cover costs at local tuition rates and required ratios.

2. Funding Tool

The document a bank or SBA lender reads to decide whether to back you.

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SECTION 1

Start With the Decision Your Plan Has to Answer

THE CORE BUSINESS HYPOTHESIS

"At the tuition families in my area will actually pay, and the staff-to-child ratios my state requires, can this program fill enough seats to cover rent, payroll, food, and insurance — and still pay me?"

Tuition Rates

What you can realistically charge per week, calculated specifically by age group.

State Ratios

How many children a staff member can legally supervise. Set strictly by state laws.

Fixed Costs

Rent plus payroll. These overhead essentials eat most of every tuition dollar.

EXAMPLE RULE: Infant care often runs at a financial loss due to strict 1:4 ratios, requiring higher preschool ratios to subsidize them.

SECTION 2

The Sections of a Daycare Business Plan

Executive Summary

A high-level outline of your vision, target demographic, and projected return.

Program Overview

Your licensing structure, philosophy, calendar year, and operational hours.

Market & Community

Data showing real demand: local parent surveys, waitlists, and population trends.

Competitive Analysis

Evaluating current rates, enrollment trends, and capacity gaps in your zip code.

Ages and Capacity

Detailed breakdown of licensed capacity, target slot mix, and ages served.

Operations Plan

Daily workflows, software selection, child safety compliance, and food prep rules.

Marketing & Enrollment

Your pre-launch marketing plan, open houses, tours, and waitlist management.

Financial Plan

Startup budget, break-even targets, cash flow runway, and 3-year P&L forecast.

SECTION 3

Market and Community Analysis

1 VOLUME

How many young children live near you?

Utilize regional data at data.census.gov to map total population under age five in your target zip codes.

2 SUPPLY

How many seats already exist?

Extract state licensing registers to compile direct capacities and violation histories of current options.

3 SATURATION

Are existing programs full?

Call three nearby providers posing as a prospective parent. Inspect actual waitlists and timing.

TOTAL MARKET

All local families

Every family with children under 5 within a 15-minute commute radius.

REACHABLE MARKET

Demographic matches

Families within your target income tier seeking your program's specific educational style.

YOUR SHARE

Licensed capacity

The exact number of child care slots your facility can physically and legally accommodate.

SECTION 4

Facility and Location

Space per child

Requires commonly ~35 sq ft of usable indoor space per child. Check local requirements before selecting your building blueprint.

Outdoor & buildout

Must construct fenced play spaces, kids bathrooms, food prep zones, and a double secure front security lobby.

Lease or buy

Most starting providers choose lease holds. Always double-check municipal zoning bylaws before signing final leasing terms.

⚠ **Ask the landlord in writing whether the space can be licensed as a child care center before you sign anything.**

SECTION 5

Licensing and Compliance

1. **Qualify**
   Complete pre-licensing orientation or director qualification course as dictated by your state department.
2. **Apply**
   Submit license application with detailed program structures, comprehensive staffing rosters, and physical building blueprint specs.
3. **Inspect**
   Pass rigorous facility code inspections (fire protection, county health sanitation, child protection safety clearances).
4. **Clear staff**
   Authorize federal background checks and criminal fingerprinting databases for all teachers and administrative support.
5. **License**
   Receive official state license credentials, clear insurance limits, enroll students, and open your doors.

CACFP Tip: Look into the Child and Adult Care Food Program. It reimburses programs for eligible meals — real monthly revenue, though with document needs.

SECTION 6

Staffing and Ratios

> **PAYROLL OVERHEAD**
>
> **Payroll runs 50% to 80% of total expenses in almost every child care program.**

Age Group	Common Ratio	What It Means
Infants < 1	1:3 to 1:4	Most staff-heavy room, hardest to make profitable.
Toddlers 1-2	1:4 to 1:6	Still staff-heavy, but experiences extremely strong demand.
Preschool 3-5	1:8 to 1:18	Most efficient room; anchors your center's total margins.

Warning: Mixed-age rooms are staffed to the ratio of the youngest child present. One infant drops a preschool room from 1:10 down to 1:4.

SECTION 7

The Financial Plan That Holds Up

Four critical parts: startup capital needs, monthly operational budget constraints, real break-even occupancy, and multi-year projected margins.

STARTUP RANGE ANALYSIS

Program Type	Typical Range	Main Cost Drivers
Home-Based Family	$5,000 – $50,000	Educational supplies, licensing, minor safe renovations.
Small to Mid Center	$30,000 – $150,000	Leaseholds, facility buildouts, child safe equipment.
Large Center (50+)	$250,000+	Major commercial real estate buildout, pre-open payroll.

The number people forget is pre-open payroll. Budget for several weeks of staff salary with zero tuition revenue coming in.

MONTHLY OPERATING BUDGET (60-CHILD CAPACITY)

Line Item Category	Monthly Projections
Tuition revenue (at full enrollment)	**$66,000**
Staff payroll + taxes + benefits	-$40,000
Rent / Lease	-$8,000
Food net of CACFP reimbursements	-$3,500
Commercial liability insurance	-$1,500
Supplies, utilities, software, marketing	-$5,000
Net monthly cash before owner pay	**$8,000**

Break-even calculation: If your break-even point is 48 children and your facility's licensed capacity only allows for 50, you have almost no margin for slower months.

SECTION 8

Funding Your Program

① SBA Loans

Utilize SBA 7(a) for general working capital or 504 loans for real estate buildouts. Prepare a clear plan.

② Gov Grants

State child care grants and regional expansion credits exist. Slow to fund — don't hinge your open date here.

③ Tax Credits

Many states offer lucrative operating write-offs for child care operators. Consult localized CPA guidance.

SECTION 9

Marketing and Enrollment

🖥️ Findable Website

Simple, fast page listing ages served, tuition structures, and an instant tour booking widget.

📍 Local Search SEO

Claim your complete Google Business Profile and list on every high-authority regional daycare directory.

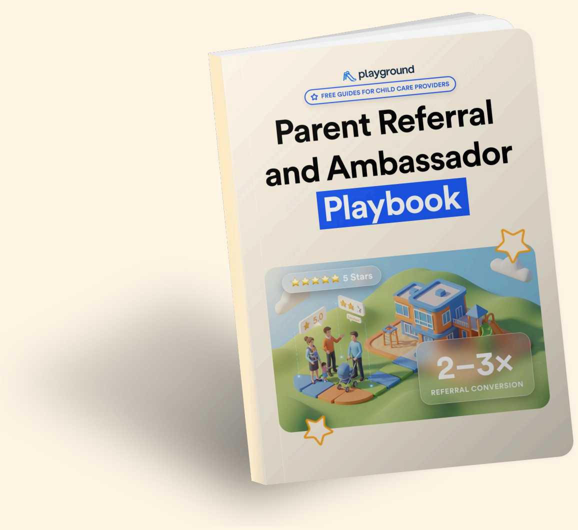
📱 Social Platforms

Run a single, highly active Facebook group or page where local moms and parent communities are active.

🗣️ Referral Systems

Word of mouth converts best. Offer early-enrollment tuition perks to families who refer coworkers.

Goal: Focus on one measurable launch metric: 'Tours Booked Per Week' and record exactly where each lead discovered you.



Check out our guide on how to build referral systems

tryplayground.com/resources/referralguide

SECTION 10

From Plan to Open: A Realistic Timeline

A center-based program commonly takes anywhere from 6 to 12 months from your initial choice to opening day.

Months 1-2	**Plan & Research**	Run localized market demand analysis, construct initial pricing matrix, model startup cash.
Months 2-4	**Secure Facility**	Confirm municipal zoning regulations, negotiate leaseholds, secure initial financing streams.
Months 3-8	**Buildout & Prep**	Construct fire escapes, build tiny kid-accessible bathrooms, source classrooms and yard equipment.
Months 4-9	**Licensing Phase**	Submit formal applications, schedule pre-opening state inspections, procure insurance credentials.
Months 6-10	**Hire & Market**	Acquire directors, launch waitlist campaigns, host open houses, execute background checks.
Months 8-12	**Opening Day**	First cohort of families begin. Ramp up total operational capacity towards profitable thresholds.

YOUR NEXT STEP

Launch Your Business Plan

Fill in the companion template. Type in your local parameters and ratios, and you will have a robust business plan ready to present to any lender, bank, or landlord.

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