

THE PLAYBOOK

**Building a Vibrant Childhood
Education Business**

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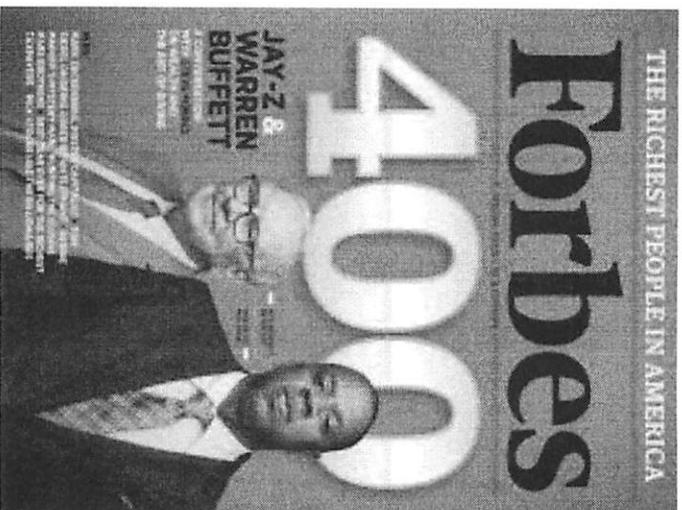
Thank you!

We appreciate your choosing to spend this time with us and hope you find the information we offer to you meaningful to you in your work with and on behalf of young children, their families and those who work with them.



What's the First Rule of Business?





“Never run out of money...”

Warren Buffett

Without water, no tree can survive for long.

No business can survive without cash.



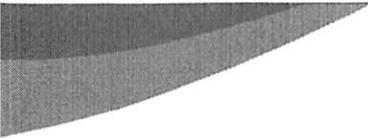


Managing and analyzing your small business
cash flow is a key skill for small business owners.



Careful cash flow "management" can allow you to plan for growth.





Cash Flow can generally be divided into three categories:

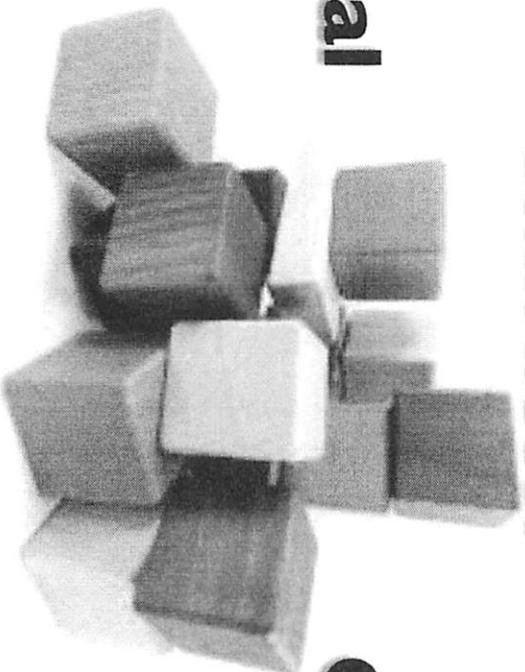
- **Operating cash flow:** cash related to day-to-day operations
 - **Investing cash flow:** cash related to the purchase or sale of long-term assets (i.e. building)
 - **Financing cash flow:** cash involving investors
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Explore all cash flow options:

- **secure a line of credit:**
- **negotiate payment terms with vendors**
- **offer discounts to customers paying early**
- **switch payment processors**
- **switch your payroll period**

50's of Credit

Character



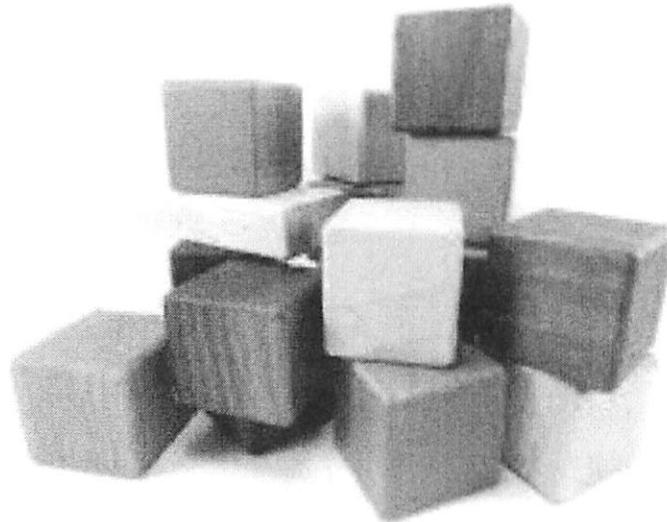
Capital

Conditions

Collateral

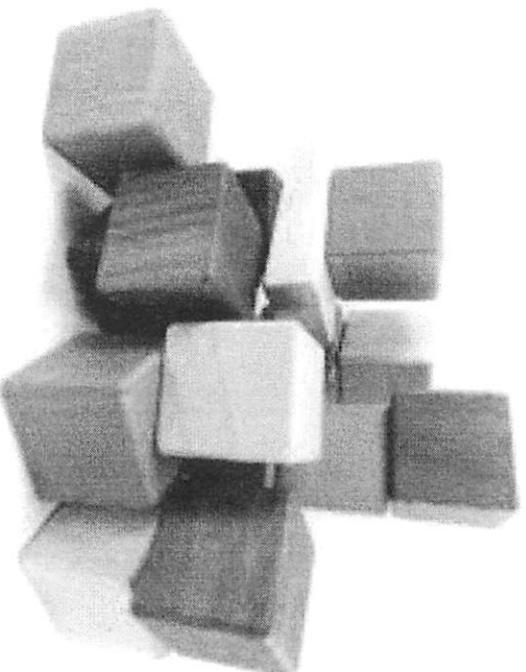
Capacity

Collateral



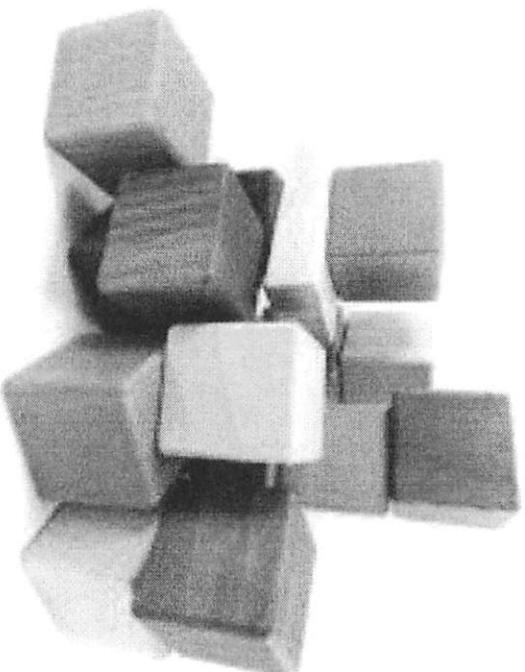
- Additional form of security you provide to lenders.
- Collateral simply means that you pledge an asset you own, such as your home, to the lender with the agreement that it will be the repayment source in case you default on the loan.
- A guarantee, on the other hand, is when you or someone else signs a promissory document promising to repay the loan.

Capacity



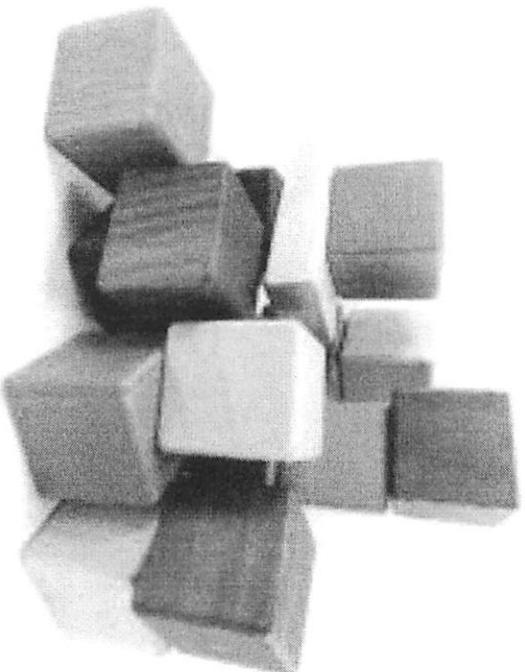
- Payment history on existing credit relationships - personal or commercial - is considered an indicator of future payment performance.
- Cash is the preferred source of repayment but lenders want to know about other possible sources of repayment.

Conditions



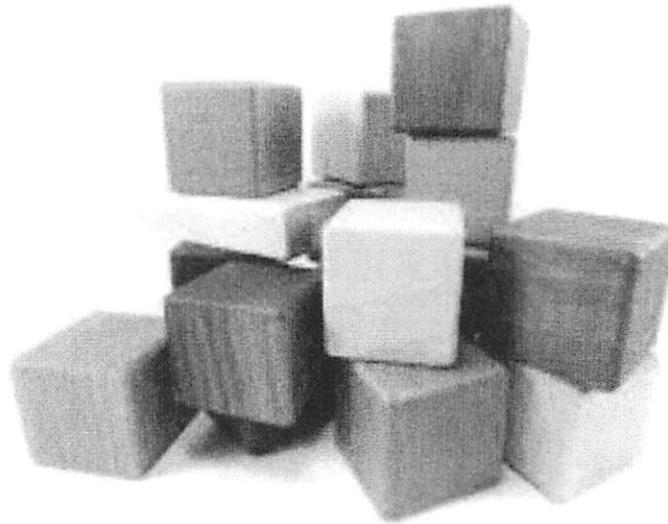
- Are you able to describe the intended purposes of the loan (i.e. working capital, staff additional equipment or inventory)?
- The lender will also consider economic conditions and the overall climate, both within your industry or business (internal factors) and in other industries (external factors) that could affect your business.

Capital



- The money (or assets such as real estate) you personally have invested in the business indicates how much you have at risk should the business fail.
- Potential lenders and investors will expect you to have contributed from your own assets, and to accept personal financial risk to establish the business before asking them to commit any funding.

Character



- The overall impression you make on the prospective lender or investor.
- Lenders will form a subjective opinion as to whether or not you are trustworthy, credible and/or honest enough to repay the loan. Of course, your educational background, experience in business and in your specific industry will be considered.
- The quality of your references and the experience of your management team will also be considered. A business plan will be invaluable for your business.

Reflections

- 3 things you learned
- 2 questions you have or 2 areas of clarification you would like
- 1 action you plan to take to improve the quality of your financial system and the program and services for children

THE END