

Daycare case

Business



Introduction In this memorandum, I will introduce the mission of Volunteer of America Organization. And then I will list advantages and disadvantages of the Day-Care program.

I will also do a CAP analysis to assess this program. Finally I will give Mr.. Schaefer some advice on how to prepare for the board meeting. Mission and goals Volunteer of America (OVA), a Christian service organization, is aimed at providing high-quality care to different groups of people and leading people to believe in God.

The Petersburg office, composed of community leaders of Altar Vista Garden and OVA Taft members, intends to rebuild this community.

Initiating a social program such as day-care center is its first step to decrease criminal rate, improve quality of community residents' lives and satisfy community needs. Project advantages The day-care program benefits both low-income families and the OVA organization. At first, it provides more Job opportunities to poor people and lets them rely on their own powers.

Moreover, this program gives parents more time to seek employment instead of taking care of children at home. In addition, OVA staff members are eager to participate in this program. They have already made a specific Lana on how to develop children on arts, sports and other aspects.

The day-care program also can increase public awareness and attract financial supporting from government. Project disadvantages This program faces both nonofficial and financial risks. As for nonofficial risk, this program located at the center of Altar Vista.

This place is full of drug abuse and criminal activities. A large number of homeless people here may threaten OVA staff members and children. Furthermore, parents are not familiar with volunteers who work in the day-care center, and they may worry that their children cannot obtain attentive care.

As for financial risks, the day-care center needs a large amount of money to purchase equipment and cover deficit at the beginning of the business, but the center can only collect fewer fees. It is because that the day-care program intends to help low-income families.

As a result, the day-care center bears the risk of losing most of its beginning fund. CAP analyses and assessment I divided four enrollment levels in my CAP analysis. According to Exhibit 1, I saw that the day-care program endured loss on the first three levels and made \$111 profit on the fourth level.

Among the revenue center earned, more than half of profits were from 2 to 3 year old kids. In addition, contribution margin per unit were increasing as the number of students increased.

In conclusion, more students enrolled led to more profits center earned on each student. However, as the number of students became larger, the contribution margin per unit increased less rapidly. Moreover, I found that variable cost increased when the number of students increased.

According to common knowledge, variable cost on each student is constant. Variable cost increased when the number of students increased.

Recommendations To convince board members in the meeting, Mr.. Schaefer should predict the future of the day-care center.

Based on new policy, welfare recipients have to seek Jobs if their children grew up to three years old. Therefore, the demand for day care will increase. And Aid to Dependent Children will also provided three-year-old kids \$80 per week for day care. This program has huge potential and can promote OVA. When this program passed hardship at the beginning of period, more financial support would come from governments.

The center will expand, and more people will be helped by OVA. Mr.. Schaefer also should cut fixed cost. For example, telephone fee is too high.

He should encourage employee to use email instead of phoning.

He also can mention that although the center has deficit, the number of students is really close to break-even point based on CAP analysis. If they can enroll additional two or three students, they will not endure loss.

Conclusion This program has a bright future and helps children in poor families. Although it has possibility to fail based on CAP analysis, I believe that Mr.. Schaefer will make a better financial planning and attract more supports to operate this program.