



UMSOBOMVU
YOUTH FUND

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BUSINESSES YOU CAN START

CRÈCHE

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information for business

UNLEASHING THE POTENTIAL OF YOUTH

I. INTRODUCTION

This guide explains the basics of starting up a creche in South Africa. It describes what kind of person is suited to the business and what training is available. It also tells you who your customers and competitors are likely to be, and what issues are affecting the market for fresh produce. It gives you an idea of the kind of costs you will need to meet and the regulations you must comply with, and ends with some sources of further information.

A crèche is a service that cares for toddlers and young children in a safe and secure place, allowing their parents to go to work, go shopping or attend other appointments – knowing that their children are in safe hands and can play in a supervised area.

Crèches are usually attended by children aged between a few months and six years. They are usually permanent enterprises, set up in their own premises, or they may be attached to a place of work, a swimming pool, a fitness club or a shopping centre. A crèche can also be a temporary service, set up to allow parents to attend an exhibition or conference.

2. ARE YOU SUITED TO THIS TYPE OF BUSINESS?

Running a crèche requires some experience and preferably a qualification, although this is not compulsory at the moment. If you are thinking about starting a crèche, you should ideally have already worked as a primary (or pre-primary) school teacher, helped organise a playgroup, or worked in a nursery school. Through this experience, you will have picked up the basic know-how to arrange a service which keeps children busy, happy and learning.

Working in a crèche, you get involved in playing with children, helping them learn and just looking after them; this needs an ability to understand them and to empathise with them. You will also need patience and a sense of humour to allow you to cope with the twin pressures of caring for the children and running your business.

You may spend quite a lot of time with parents too, discussing how their children are getting on, and understanding what they need.

One of your most important roles is to give your crèche a lively and friendly atmosphere, so that children feel welcome and relaxed. As the owner of the enterprise, you also need to make sure that your staff help create this feeling of warmth, buzz and affirmation.

Looking after children every day means that you have to come up with imaginative games and ways of learning. It will be useful if you have some teaching experience, or even if you can go on a few short courses on how age-appropriate activities for children.

Needless to say, you should enjoy being with children and be enthusiastic about providing them with stimulating and enjoyable care.

3. KNOWING AND REACHING YOUR MARKET

3.1 Who are your customers likely to be?

Most of your customers will be working parents who don't have relatives at home or a full-time nanny to look after their children. Also, there may be families who send their children to pre-school until midday, but who need a crèche to look after the children in the afternoons before being collected by parents at the end of the day.

As workers' rights have become more recognised, childcare has been provided in some large organisations like universities and big corporations. Many of these organisations contract out the function to an independent person or business, and simply provide the space on their premises or facilities nearby.

Organisers of events such as training days, exhibitions and conferences find that providing a crèche can help attract more visitors or participants. Hotels and gyms also sometimes have a crèche facility, so that parents can relax or exercise without worrying about childcare. They provide the room or outside space, and as a crèche organiser, you bring your experience, toys, books and a programme for keeping the children busy.

Child-friendly restaurants often provide a facility where diners can leave their young children to play while having a quiet meal. The restaurant owner does not always want to have to deal with the details of this service, so will just contract someone qualified to do it.

It is not always easy getting information and statistics about the people living and working in the area where you want to start your business. But without this information, there is no way of knowing who will buy your products (that is, who your market is) and why. Statistics South Africa does research into the country's population, showing gender, education levels, population group, and income levels and many other indicators that you will find useful in planning your business. Contact Statistics South Africa's user information services on Tel: 012 310 8600, email info@statssa.gov.za or visit their website at www.statssa.gov.za.

3.2 Who will you compete against?

Your main competitors will be other crèches and day-care centres in your area. These are mainly small operations like yours, but many will be quite established, with a wide reputation and a lot of children.

Playgroups or playschools will also be competitors, since they also aim to keep children occupied, educate them, and care for them while their parents are busy elsewhere. These playgroups might be quite casual arrangements that open once or twice a week, or they can be more organised enterprises that are open all day and cater for dozens of children.

Many middle class South African families employ nannies or au pairs on a full-time basis. This is generally possible because of the low wages that nannies and domestic workers earn (both these roles are often performed by the same person). There is now a minimum wage for domestic workers, although this is not very high (less than R1,100 per month).

It is common for many township families to have a relative living in the home – often from a rural area where employment prospect are poor – who takes on the role of care-giver and baby-sitter for young children when parents are at work. Other members of the extended family, such as grandmothers or aunts, can also play this role. As family, they are not necessarily paid for these duties, so they do undercut the service you offer.

Look in your local Yellow Pages for crèches and other child care businesses in your area. You can also search on the internet using directories like www.brabys.com and www.ananzi.co.za.

3.3 What are the key issues affecting your market?

On the whole, women in South Africa still have babies at a young age: the largest age group of mothers (42%) is 16-24 years of age; the next largest category (38%) is 25-34 year olds. In an economy where unemployment among youth is high (only half the number of 25-34 year olds are employed), it is no surprise that most mothers do not work. Where these mothers are married and in a high income household, they may use a crèche, but most will be from working class homes and would not afford to send their child to a crèche.

On the other hand, most mothers with young children in the 16-24 age group are single, so are under pressure to earn a living unless they still stay with their parents. So, when planning your business, explore your local area carefully to see how many young mothers are either studying or working (or trying to find jobs), as they could be potential customers.

There is a concern about the low level of expertise in organisations that offer childcare. It has been reported that as many as 34,000 of the 54,000 people working in South Africa's crèches and preschools are not properly trained. Government is trying to remedy this by getting all training providers to meet certain standards. For the good of your business, it is therefore important to get well trained, preferably before you start your business.

The national education department hopes that, by 2010, all children entering Grade 1 will have been part of an accredited ECD programme in or before 'Grade R' (the first year or reception year of school). For younger children (below the age of five or six years), the government wants to provide a range of services at 11,500 registered ECD organisations (such as crèches and nursery schools) across SA by 2009. These services will come from the departments of education, social development and health. It also aims train 2,300 teachers in ECD skills.

3.4 How can you promote this enterprise?

A good location will make it easier to advertise your crèche, and more convenient for customers to drop off and collect their children. If possible, find a place that has a lot of people passing by. You can then get the best impact from putting a large, colourful sign outside your premises. If people pass by on their way to work, to the taxi rank or station, it will also be conveniently on their way.

Word of mouth is a good way to promote a crèche, as parents will usually be very choosy about where they leave their children. If a child is happy and content at your crèche, there is a good chance that the mother or father will communicate this to other parents looking for childcare. You can help this process along by giving your customers a business card or pamphlet that they can pass on to friends and colleagues.

Local advertising can be an effective way of promoting a crèche. Try your local suburban newspaper – which has a focused readership in your area – and try both the classified section (which will be cheaper) and an advert of your own design.

Doing a ‘mailshot’ is also an option: prepare a simple but professional brochure or flyer, and drop it in the postboxes around your area.

Also try a more targeted approach – in places where mothers are more likely to be. This could be in church women’s organisations, shopping centres, sewing groups, school premises, community halls, etc. Try handing out leaflets or putting up posters – or whatever you can get permission to do.

If you want to operate a mobile crèche – where you ‘take the facility to the customer’ – then make a list of all the gyms, hotels and conference centres in the area and make appointments to present your services to them. You will need to prepare some good promotional material so that you can present a professional and responsible image.

Also talk to schools and colleges that offer after-hours classes and adult education; the people in these classes may need their children cared for while they are learning. It would not be difficult for you to set up a temporary crèche facility on the grounds of the institution, so that these learners can bring their children with them to classes.

Many crèches are run inside large businesses or government departments, as a free or subsidised service helping parents that are employed there. You should contact local employers by using mailshots or a newsletter; you can also join the local chamber of commerce to get to know local employers better.

Also talk to trade union organisers in your area, as they will often be asked by their members to investigate or lobby for crèche facilities at their place of work. If you worked closely with the union, you could help advise them on what is needed, and then also make yourself available to provide the service.

A website will be a useful way of catching customers who use the internet to look for crèche facilities; however, the number of people with internet access is still quite low – research shows that less than 20% of married South Africans use the internet regularly. Your website does not need to be too elaborate – just a summary of your facilities, some photographs of the premises and children playing, information about the qualifications and experience of you and your staff, your contact details and perhaps your rates.

The Umsobomvu Youth Fund subsidises business support for youth enterprises owned by previously disadvantaged youth. With the Business Consulting Services Voucher programme, you can get technical assistance and managerial support (in business planning, marketing, financial systems, etc) for your business from an expert in your area. See the Umsobomvu website (www.youthportal.org.za) or phone 08600YOUTH (0860 096884) for more details.

4. WHAT WILL YOU NEED TO START THIS BUSINESS?

4.1 What training do you need?

There are currently no compulsory qualifications for running a crèche, although you will find it easier to get customers if you can show them that you have some formal qualification in childcare or teaching young children.

There are a range of qualifications that you can get at Further Education and Training (FET) colleges and universities in the field of early childhood development, child and youth development, or ‘educare’. These include degrees, diplomas and certificate courses. See the website www.careers.co.za for more information; training opportunities for an ‘educarer’ (who looks after children and also gives them educational input) can be found on the page www.careers.co.za.

From 1 January 2008, all those training agencies (apart from FET colleges and universities) who offer full ECD courses will have to be registered with the Department of Education. This will try to ensure that any course you take in this field will be aligned with the National Qualifications Framework (NQF) – so that it is recognised wherever you go in South Africa.

There are also a number of private training agencies that run short course and evening classes, which may be more suitable for you if you are employed or already running your business. Contact the Education, Training and Development Practices SETA (www.etdpseta.org.za) to find an accredited training organisation in your area. Also ask them about the Basic Certificate in Early Childhood Development, which is a learnership registered by this SETA.

You can take a distance learning (correspondence) course in early childhood development with colleges like Intec (www.intec.co.za), which offer training in pre-school, day care and educare skills.

You need to have some training in first aid, as there is always a good chance of a child hurting themselves, choking on food, or having an accident. You will usually be one of the first people on the scene, so your role in treating the injury is vital. There are a number of organisations that offer first aid training, such as St Johns Ambulance (www.stjohn.org.za). You can also search for first aid trainers in online directories like www.easyinfo.co.za; search with the phrase 'first aid' or 'first aid training'.

The Umsobomvu Youth Fund offers Entrepreneurship Education for in-school and out-of-school youth. Umsobomvu also offers you the support of a mentor as you start up and build your business, through its Youth Enterprise Mentorship Service. See the Umsobomvu website (www.youthportal.org.za) or phone 08600YOUTH (0860 096884) for more details.

4.2 Obeying the law

The information in this section will just give you a starting point; you should get legal advice from a professional before making important decisions that might have legal implications.

Child care regulations

The Child Care Act of 1983 requires that you register your crèche (if you are looking after more than six children) with your province's Department of Social Development. You need to fill out a form to do this, and give the provincial department certain information about your crèche, including:

- Your constitution – which will have the name of the crèche, the category of children you will look after (age, gender, number of children), a commitment from management to comply with minimum standards, etc.
- A certificate from your local authority (municipality or ward) approving your building or plans, as well as the safety and health aspects of your premises;
- A certificate from your province's Department of Social Development to show that a needs assessment has been done.

Most of the rules that affect your business come from the Child Care Act, which regulates 'places of care' (like your crèche), and sets minimum standards for what facilities your crèche must have. More recently, the Children's Act has been amended (in 2007) and also relates to places of care, which it describes as 'partial care'.

These standards include keeping a register of names and details of all the children in your care, such as their date of birth, the date they started coming to the crèche, the names of parents, physical address, phone number, medical conditions, dietary requirements and other information that is relevant to their care and development. Go to (www.info.gov.za) for contact details of provincial departments and municipalities.

Legal status of your business

One of your first decisions when starting a business will be whether to operate as a sole trader (under your own name) or register the business under its own name (as a close corporation, partnership, co-operative or company). To make this decision, you must first understand the benefits and disadvantages of each option.

For more information on this, you can talk to the Companies and Intellectual Property Registration Office (Cipro) on 0861 843 384 or go to their website (www.cipro.co.za). You can also download Umsobomvu's guide on Starting Your Own Business from the organisation's website: www.youthportal.org.za

Paying taxes

You need to pay income tax on your earnings as an individual. If you run your business as a sole trader, then all your business earnings will be regarded as your personal earnings – and you have to pay tax on that. If your business is registered as a close corporation, company or cooperative, then the business has to pay tax on its profits.

You also need to deduct Standard Income Tax on Employees (SITE) and Pay As You Earn (PAYE) from your employees' salaries, and pay this to the South African Revenue Services (SARS).

Talk to the South African Revenue Services (SARS) to find out how to register yourself, your employees and your business as tax payers. Speak to SARS for more information (national call centre number is 0860 12 12 18) or visit their website at www.sars.gov.za.

Employment regulations

If you have anyone working for you, you must register as an employer with the Department of Labour, and make contributions on behalf of your employees for Unemployment Insurance (UIF) and Workmen's Compensation.

As an employer, you need to comply with the Basic Conditions of Employment Act, which regulates working hours, overtime, leave, deductions, etc. It also says that you must give employees their terms of employment in writing, and can only dismiss them using the correct procedure.

If you have more than five employees, you must display a summary of the Act at your business premises.

For more information, speak to your local Department of Labour office or visit the department's website at www.labour.gov.za, which has a number of useful guides on these and other topics.

Contracts with customers

You need to sign a proper contract with every client, so that there is written agreement about exactly what care you are providing. The contract should also have a clause about indemnity – so that it is clear who is responsible if something happens to any of the children in your care. As a childcare business, you take on a huge responsibility for the lives and welfare of your customers' most precious 'possessions'. Your contract with them needs to protect you in some way from legal action in the case of an accident.

Health and safety

You need to comply with the Occupational Health and Safety Act, which ensures that workplaces are safe and healthy for all workers. Look on the Department of Labour's website for useful guides on what you need to do to comply with these laws (www.labour.gov.za).

4.3 What sort of costs will you need to cover?

Your premises will be one of the main costs of running a crèche. Before your purchase or lease premises, talk to your municipality about the health and safety requirements. You need to find a place that is suitable for your needs and that will comply with municipal regulations without too much modification and extra expense.

You can also run a crèche from your home, but first contact the municipality health department and ask them to do an inspection to tell you what facilities you still need. They will check that you have enough floor space, kitchen and toilet facilities, and outdoor area, among other things. You also need permission from your neighbours to run a childcare facility from home.

The cost of toys and educational materials will also need to be in your budget. You can get some good ideas of toy available and their prices from online suppliers such as www.educationaltoyshop.co.za and www.smilesa.co.za, and you can search for educational toys on South African internet directories such as www.aardvaark.co.za. Your materials will include wax crayons, pencil crayons, poster paints, glue and various sizes of plain and coloured paper.

If you plan to offer a mobile crèche service, you will need your own transport – usually a reliable second-hand car or bakkie will be fine.

For your office, you will need a computer and printer (starting from about R4,000), a telephone and answering machine (around R400), and furniture for staff and visitors. A photocopier might be necessary; initially you could get a printer with a copying function and try to make do with that.

Budget for office stationery such as letterheads, business cards and various forms that parents and staff will need to fill in to keep your crèche well organised.

Your promotional material may need to be prepared by an outside agency – preferably with strong design skills. Talk to an insurance company or broker about public liability insurance; this will give you peace of mind, in case there is an accident on your premises and you are held liable.

The provincial departments of Social Development do sometimes pay a grant to crèches, based on the number of children who are being cared for. The grant comes with a number of conditions; for instance, you need to provide meals and appropriate educational programmes, and you need to be regularly evaluated and submit reports. Contact the Department of Social Development in your province and ask them if they offer such a grant, and how you apply for it. The official Government Information website (www.info.gov.za) has links to the provincial government websites, where you will find contact information.

The Umsobomvu Youth Fund provides micro-loans (R1,000 to R100,000) and SME funding (R100,000 to R5 million) to enterprises owned by previously disadvantaged youth. See the Umsobomvu website (www.youthportal.org.za) or phone 08600YOUTH (0860 096884) for more details.

5. FURTHER INFORMATION

Umsobomvu Youth Fund helps young South Africans (those between the ages of 18 and 35) and women of all ages to get good skills, find job opportunities or start their own businesses. It has Youth Advisory Centres around the country where you can go for information and advice. Phone the call centre at 08600YOUTH (0860 096884) or visit the website (www.youthportal.org.za) to find an advice centre near you.

Umsobomvu House, 11 Broadwalk Avenue (off Church Street), Halfway House, Gauteng
PO Box 982, Halfway House 1685
Tel: 08600YOUTH (0860 096884)
Fax: 011 805 9709
Email: info@uyf.org.za
Website: www.youthportal.org.za

The Education Training and Development Practices SETA (ETDP SETA) is part of the Department of Labour and promotes skills development in the education and training sector. In terms of the Skills Development Act, it collects a skills development levy from businesses in this sector, and uses this money to subsidise the training of people in these businesses. It also accredits training organisations, so that the courses they provide are up to standard and fit in where necessary with National Qualifications Framework.

Private Bag X105, Melville 2109
Tel: 011 628 5000
Fax: 011 482 6419
Email: enquiries@etdpseta.org.za
Website: www.etdpseta.org.za

The Department of Social Development coordinates services that are related to development, social protection and social welfare – including poverty relief projects and the registration of non-government organisations in the welfare sector. Each province has its own Department of Social Development; among the responsibilities at provincial level is the registration and subsidy of childcare agencies. The contact details for the provincial departments can be found on the websites of the respective provincial governments. The official government information site (www.info.gov.za) has these links.

Private Bag X885, Pretoria 0001
Tel: 012 312 7636
Fax: 012 325 7071
Website: www.socdev.gov.za

The Professional Childcare College trains people in childcare and early childhood development skills, equipping them for roles such as au pairs, crèche assistants and nursery school staff. The college is accredited by the Education, Training and Development Practices (ETDP) Seta to offer the National Childcare Certificate in Early Childhood Development.

27 Second Avenue, Melville, Johannesburg 2092
Tel: 011 482 3378 or 011 482 9669
Fax : 011 482 3398
Email: info@childcarecollege.com
Website: www.childcarecollege.com

The Children's Institute is part of the University of Cape Town; it tries to influence policies and laws so that children's rights are recognised and the conditions in which they grow up are improved. The institute's work is done mainly through research, advocacy, education and technical support.

46 Sawkins Road, Rondebosch, 7700, Cape Town
Tel: 021 689 5404 or 021 689 8343
Fax: 021 689 8330
Email: info@ci.org.za
Website: www.ci.org.za

The Centre for Early Childhood Development is non-profit organisation that provides training, support and advice through courses and programmes aimed at building individual and organisational capacity. It also develops learning resources and carries out research related to the African context. The centre is accredited as an ECD training provider by the Education, Training and Development Practice SETA.

PO Box 2363, Clareinch, 7740, Cape Town
Tel: 021 683 2420
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