No Money, No Mission: Cast Control in Childcare Business

1.

2.

3.

UNDERSTANDING THE INDUSTRY - THE EARLY EDUCATION INDUSTRY AS A BUSINESS.

Knowing what a financially healthy school looks like.

Determining a healthy spending balance - pricing and staff costs.

Spending enough, but not too much on your team.

Focus on your facility costs - your second largest expense.

Knowing how to take control when things go wrong.
The State of the Industry

1. Operational Units
   What is trending and how do I keep up?

2. Transactional Units

Occupancies are High
Parents are working and infants and toddlers are booming!

There is more confidence in increasing tuition rates and reducing discounts.
FEDERAL LEVEL SUBSIDY FUNDS ARE STABLE AND RISING

Three Main Revenue Sources:
- Child Development Block Grant
- Head Start
- USDA Food Program

EARLY HEAD START COLLABORATIONS ARE INCREASING IN POPULARITY

Let’s all work together to serve children – Build a relationship!

WE’RE SEEING A LARGER FOCUS ON BRANDING

- Don’t be left behind when new and shiny comes to town!
- Branding is more than colors and signage.
- Get your tour steps in order!
- Train your team on phone and touring skills.
THERE IS A NEW DEVELOPMENT OF STEM / STEAM BRANDS
Tell parents what you are doing in the classroom!

OUTDOOR CLASSROOMS ARE BECOMING MORE POPULAR
Just an extension of the indoor learning...

CREDIT CARD FEES ARE INCREASING
Today's parent group loves points!
There are more struggles with staff culture.

Surprise! :)

Franchises remain the fastest growing segment of the industry.

National companies are building in new markets.

Be ready with updated facilities.
<table>
<thead>
<tr>
<th>Revenue</th>
<th>70 - 75%</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff Costs</td>
<td>50 - 55%</td>
<td></td>
</tr>
<tr>
<td>Operating Costs</td>
<td>11 - 13%</td>
<td></td>
</tr>
<tr>
<td>Facility Costs</td>
<td>22 - 29%</td>
<td></td>
</tr>
<tr>
<td>Admin Costs</td>
<td>2 - 4%</td>
<td></td>
</tr>
<tr>
<td>Profit</td>
<td>15 - 30%</td>
<td></td>
</tr>
</tbody>
</table>

NOTHING ELSE MATTERS IF WE DON’T GET THE TWO KEY CONCEPTS RIGHT...

1. Occupancies must be high
2. Tuition rates must be set to reflect actual cost of services

THE APPROACHING TSUNAMI
How can I keep from drowning?
What strategies can I put in place to here as needed but balance costs at the same time?

Staff Costs are Rising Faster than Tuition Rates Can Keep Up With...

What Can I Do?

1. Set Tuition Rates to Reflect Actual Cost of Services
2. Employ Techniques for Income and "Legacy" Existing Families
3. Analyze Changes in Other Areas for Opportunities
   - Annual Registration Fees
   - Late Registration Fees
   - Late Pickup Fees
4. Consider Other Sources of Revenue
   - Fundraising
   - Events
   - Rent Income
5. Minimize Discounts
   - Vacation or "Free" Days
   - Staff Discounts
   - Multiple Child Discounts
   - Industry Discounts
   - Agency Discounts

The Cost of My Staff

How much should I be spending on my people?


**STAFFING COSTS**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Reimbursement</td>
<td>$1,500,000</td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$475,000</td>
<td>31.60%</td>
</tr>
<tr>
<td>Payroll Taxes</td>
<td>$63,650</td>
<td>4.23%</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>$30,000</td>
<td>2.00%</td>
</tr>
<tr>
<td>Staff Training</td>
<td>$250</td>
<td>0.14%</td>
</tr>
<tr>
<td>Miscellaneous Staff Costs</td>
<td>$1,000</td>
<td>0.67%</td>
</tr>
<tr>
<td><strong>Total Staffing Costs</strong></td>
<td>$700,000</td>
<td>41.67%</td>
</tr>
</tbody>
</table>

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**How do I get staff costs under control**

- Use a system to make e-staff schedule plans.
- Employ a system of “Management by Wandering”
- Train your team to be part of the solution.

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**The cost of my facility**

Are these metrics to help me spend correctly?
Gross Revenues at 70% Occupancy......
...then Rent or Mortgage at 12-17%.

EXAMPLE
Busy Little Ants Inc.
License Capacity 120
Average Weekly Rent $200
At 70% Occupancy the Gross Revenue Would Be...
$1,223,040 ($120 x 200 x 52 weeks x .7)
Therefore the Rent or Mortgage Usage is...
$146,765 - $207,937 ($1,223,040 x .12 - .17)
THE FEELING OF GAINING CONTROL

How is the world do I make all of this?

GET STARTED BY...

- Maximize Enrollment
- Employ Revenue Strategies
- Get Current on Staffing Strategies and Manage Costs
- Produce Timely and Accurate Information
- Track Progress and Implement Changes

CONTACT US, WE WANT TO CHAT WITH YOU!

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