

## WHAT DOES A HEALTHY SCHOOL LOOK LIKE?

|                   |                    |          |
|-------------------|--------------------|----------|
| ➔ Revenue         | 70 - 90% Occupancy |          |
| ➔ Staff Costs     | 50 - 55%           |          |
| ➔ Operating Costs | 11 - 13%           |          |
| ➔ Facility Costs  | 22 - 25%           |          |
| ➔ Admin Costs     | 2 - 4%             |          |
| <b>Profit</b>     | <b>15 - 30%</b>    | <b>✓</b> |

3.

## NOTHING ELSE MATTERS IF WE DON'T GET THESE TWO KEY CONCEPTS RIGHT...

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



4.



## THE APPROACHING TSUNAMI

How can I keep from drowning?

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5.



Salaries are increasing for  
quality staff at a rate greater  
than I can increase tuition!

**HELP!!!**

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6.

|                           |             |        |
|---------------------------|-------------|--------|
| NET REVENUE               | \$1,500,000 |        |
| STAFFING COSTS:           |             |        |
| SALARIES                  | \$675,000   | 45.00% |
| PAYROLL TAXES             | \$63,450    | 4.23%  |
| EMPLOYEE BENEFITS         | \$30,000    | 2.00%  |
| STAFF TRAINING            | \$6,750     | .45%   |
| MISCELLANEOUS STAFF COSTS | \$4,800     | .32%   |
| TOTAL STAFFING COSTS      | \$780,000   | 52.00% |

7.

## WHAT CAN I DO TO INCREASE REVENUE FOR MY CHILDCARE BUSINESS?

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

8.

## WHAT CAN I DO TO GET STAFF COSTS UNDER CONTROL?

Use a system to create more efficient staff schedules.

Employ a system of "Management by Walking Around."

Train your team to become a part of the solution!




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9.

## SYSTEMS FOR CREATING MORE EFFICIENT STAFF SCHEDULES:

- Pencil paper grids for staff schedules
- Apps including:
  - When I Work
  - Clock Shark (great for mobile or multi-site centers)
- Schedule staff 35-37 hours to...
  - avoid burn out.
  - keep staff healthy.
  - allow for covering rooms due to absenteeism, illness or vacations.
- Utilize a system to track potential overtime before it occurs.
  - Virtual day notes will track staff hours and a child and staff attendance software program such as Procure will keep hours totaled accurately. These systems are well worth the investment.

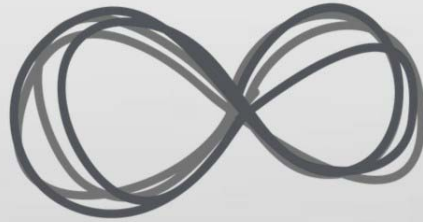



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10.

## EMPLOY A FIGURE 8 MANAGEMENT SYSTEM

Systematically walking through your building at least twice daily--especially during drop off and pick up times--will ensure you are managing potential overtime and overstaffing.



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11.

## TRAIN YOUR TEAM TO BECOME PART OF THE SOLUTION

- Take turns leaving early.
- Reward staff who have excellent attendance.
- Consider schedules with 3 long and 2 short days--this can alleviate absenteeism and staff often know parent pick up times and can manage themselves in terms of staff afternoon departure patterns.



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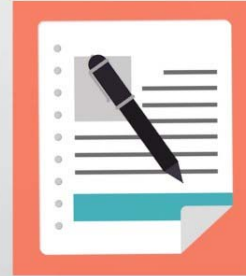
12.

## INSTALL A PARENT AMBASSADOR PROGRAM

First, quantify exactly the discount you give for Legacy Families, VIPs or special circumstances.

Craft a Parent Ambassador agreement with opportunities for parents to contribute to the program in a different, but also important, manner...

- length of time agreed upon.
- exact expectations and method for documentation.
- parent choice and director/school needs essential for success.
- if parent fails to complete agreed upon projects or account is in arrears for any reason, Parent Ambassador rate and contract is voided.




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13.

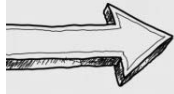
## FOR SCHOOLS CHALLENGED BY FAMILIES ON WAITLISTS FOR STATE AND FEDERAL COMPETITORS, TRY THIS...

**Add a fee for families who stay 6 months or less. This will...**

- promote consistency for the children in your care.
- help build a school community--difficult to do when families aren't "all in."
- help alleviate stress to classmates and parents when a child leaves the program.
- help prevent the difficult task of saying goodbye for teachers and gearing up for a new child so quickly.
- alleviate stress for the director who has to start marketing for the abandoned enrollment slot.

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14.



WHAT IS YOUR #1 GOAL AND WHY?

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15.

YOUR #1 GOAL IS TO...

**BE FULL TO CAPACITY!**

Remember: No money, No mission



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16



## WHAT IS THE LIFETIME VALUE OF A CUSTOMER?

|                                |           |
|--------------------------------|-----------|
| 3-year-old rate                | _____     |
| x 12 months                    | _____     |
| x average number of years      | _____     |
| x number of children in family | _____     |
| <b>= LIFETIME VALUE</b>        | <b>\$</b> |

17.

## WHAT IS THE LIFETIME VALUE OF A CUSTOMER?

|                                |                      |
|--------------------------------|----------------------|
| 3-year-old rate                | \$1,000/month        |
| x 12 months                    | \$12,000/year        |
| x average number of years      | x 2 years = \$24,000 |
| x number of children in family | x 2 children         |
| <b>= LIFETIME VALUE</b>        | <b>\$48,000</b>      |

18.

ENGAGE YOUR STAFF ON THE WHY OF BEING  
FULL TO CAPACITY.

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19.

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We're at a historically long stretch of job growth and no signs of slowing down. Workers are seeing more opportunities than in many years. Job switchers are tending to see bigger wage increases than those who stay in their job.

**-Martha Gimbel**  
*Director Economic Research*  
*Indeed*

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20.

## NATIONAL UNEMPLOYMENT RATE

May 2009 9.4%

Sept 2018 3.7%




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21.

## DO THE MATH

**Turnover costs at least \$5,000-\$8,000 per position...**

when considering your time, loss of income when parents pull out due to turnover, emotional and financial expense of director covering rooms, staff frustration, as well as director burnout and not completing duties.




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22.

## WHERE DO I FIND QUALITY TEACHERS & STAFF?

### Your Happy Customers

Ask parents and former parents for referrals, thank them with gift cards or tuition discounts, raffles



### Your Happy Staff

Ask staff to send candidates "as good as you are."

They are clear what it takes.

They get a (great!) referral fee after employee had been there 90 days.

Social Media posts

### Your Former Happy Staff

Make a spreadsheet of staff you'd welcome back. Review this every quarter and reach out to ones who left on good terms.

Tell them (if) they'd be welcomed back. Say, "Please don't hesitate to call if your plans change. We'd love to have you back."

So many times they are embarrassed that the grass isn't greener and they made a mistake and won't be welcomed back.

23.

## LABOR COSTS & TRENDS

Overtime

Higher rates of pay, benefits and cost of hiring/turnover

Leaky schedules



24.

# QUESTIONS?

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in Austin, TX from February 21-23, 2019!

**Learn more at [www.shiftchildcareleaders.com](http://www.shiftchildcareleaders.com)**