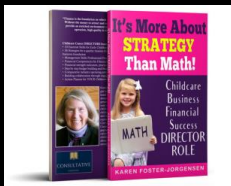


Strategies to Raise Wages, Enrichment and Hope: Align Your Mission and Financial Model



Presented by Karen Foster-Jorgensen
ChildCareDirector.com

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Mission to Model

Connecting **WHAT** we do and **WHY** we do it
with **HOW** we do it successfully ↪

3



"High Tide Floats All Boats"

We can only sail with the right support underneath us!



4

The Two Parts of Our Missions

Our goal as early childhood organizations is to provide safe, quality, developmentally appropriate early education and care



with a sustainable business model enabling us to continue to serve families, our staff and our communities through this Covid pandemic period and into the future!

5



Join us in Vancouver in March, 2022

- Shared Experience
- Shared Knowledge
- Shared Understanding

6



7



So we have the five letter word out in the open!

We are going to talk about

money!

Take a deep breath!! Aaaaah!!

Is your money jar half full or half empty?

8



Building a business is like building a house!

If we skimp on the foundation, our framework is not supported!



Three minute video on Financial Foundation of Missions →

<https://www.youtube.com/watch?v=VFslAudxrlc>

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"Finance is the Foundation on which we Build Our Quality Mission!"

Karen Foster-Jorgensen
From her book "It's More About STRATEGY Than Math! Childcare Business Financial Success"

Karen's gem #1

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Sustainable Finances!
Sounds great, but how does that lead us to our mission?



11

"Sustainable Finances" means having the MONEY when we need it to support our staff, our quality care and education for children and our positive contribution to our business and social communities.



Oh ,that pesky money jar again, Is it half empty or half full?

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“Every early childhood organization has financial “Pain Points”~ because every decision **affects** finance and every decision is **affected by** finance!”

Karen's gem #3

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These pain points are not the happiest outlook we can imagine?



Who ever said that the early childhood business would be easy?

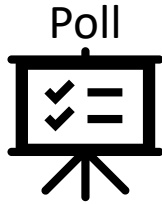
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How would your business benefit with more sustainable finances?

Let's find out with a poll!



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After the poll if you can't see the slides, click the flower in the task bar at the **bottom of your screen.**



16

Are there really any of our management challenges that could not be significantly reduced or alleviated with enhanced finances?



Let's explore the ways that sustainable finances Make our lives easier and our businesses more successful in our missions!

17

In our altruistic missions, our industry has, for too long, thought ourselves not worthy of the best! Not the best Wages, best environments or most effective organizations.



18

We will reframe our industry and our business models in new ways to achieve our missions with new mindsets!



We will see our money jar half full and growing!!

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Policies support full enrollment and on time full payments

Policy Samples:

- ✓ Enrollment Policies maximize enrollment levels identified
- ✓ Active wait list fills open childcare slots seamlessly
- ✓ Tuition deposits hold childcare slot
- ✓ Part time enrollments are paired so each slot brings full tuition
- ✓ Withdrawal notice matches the amount of original tuition deposit

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Policies support full enrollment and on time full payments

More Policy Samples:

- ✓ Tuition is received in advance of service
- ✓ Full tuition is collected on time through automatic withdrawal
- ✓ Policy is established for late tuition or emergency gap funding
- ✓ Policies and decisions support income from every slot, every day

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Gap-Per-SlotSM "Be Guided by Your Business GPS"

Gap-Per-Slot is a concept tool by which you calculate the financial cost to deliver each unique class/tuition group in your program

Knowing your GPS, you have the data to plan and take action for optimum revenue generation and financial decision making

I invite you to visit my website www.ChildCareDirector.com to read more about GPS and join one of our upcoming GPS consultations

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Revenue Covers All Costs and Gap per SlotSM (GPS) is Positive



Gap-per-SlotSM GPS may be positive contribution or negative loss to finances of the organization

Karen's gem #4

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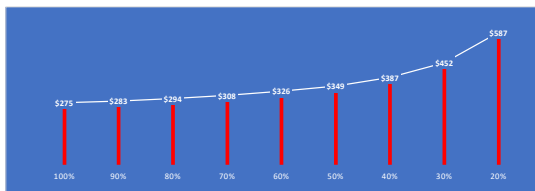
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Budget is built on achievable percent of occupancy in 75 - 85% range or higher

Core Costs for Administrative, Business Operations and Facilities are almost identical for an organization with 70% or 90% occupancy.

Cost per slot rises rapidly when fewer slots are filled and core costs still need to be covered by remaining slots

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Example: Cost per Slot per Week by Percent of Capacity

Karen's gem #5

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Budget is built on achievable percent of occupancy in 75 - 85% range or higher

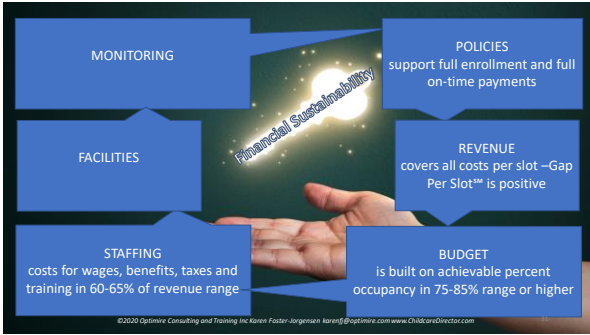
The last slot in each class makes the difference between an organization that barely survives and one that thrives!

Think revenue per slot! If average revenue per slot is \$1000 per month, then one more slot filled in each of six group is \$6000 per month or \$72,000 per year!

How will your business benefit from an extra \$72,000 each year?

Karen's gem #6

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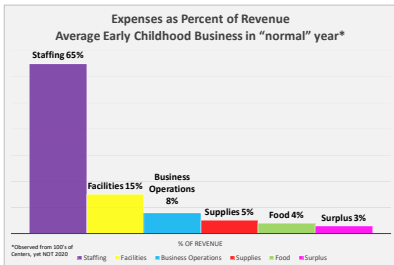
Total Staffing Costs Are in the Range of 60-65% of Revenue

In a service business like ours, staffing is our largest and most valuable investment in our quality!

Staffing costs include wages, taxes, benefits, unemployment insurance plus any additional required or optional staffing costs depending on your location or your choice

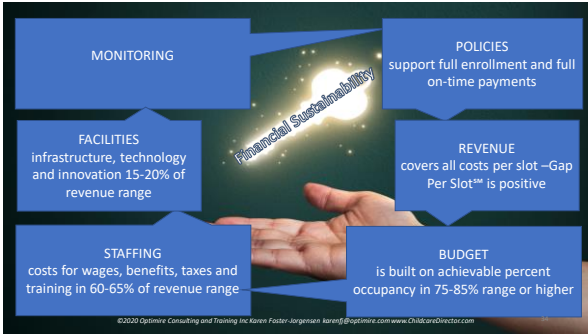
Your percentage may vary depending on line items included or not included in your early education budget.

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Karen's gem #7

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Facilities, Infrastructure, Technology & Innovation in the Range of 15-20% of Revenue

When staffing is 65% and Facilities are 20%, we have just 15% of Revenue for the rest of our business operations.



Are we keeping track of that money jar?

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MONITORING finance is intentional, including forecasting and reporting strategies

Budget is our road map of where we plan to go!



Financial reports are our trip pictures, showing where we have been and how great our journey was!



37

We need a seamless financial and record keeping system tracking our analytics from the first time a family looks at our Facebook page or website until they happily graduate from our program years later!



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Management Systems and Software - what we track and why

- ✓ Engagement –serve future, current, and graduated families
 - Marketing
 - Tours, events and fundraising
 - Communication with families
- ✓ Business Management – know your business status in real time
 - Enrollment and family orientation
 - Family records and accounts
 - Collect and track tuition
 - Financial accounting, budgets, statements, cash flow
 - Payroll and bill payment
- ✓ Classroom Management – support quality for teachers and children
 - Ratios and group sizes
 - Curriculum planning and sharing
 - Meal planning and tracking
- ✓ Security and Safety – people, facilities, technology

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Financial Tools Key to Sustainable Missions

- ✓ Budget built on Gap-Per-Slot analysis of full cost of delivering quality care
- ✓ Revenue budget built with line item detail to project exact revenue from tuition and other sources
- ✓ Expense budget built with plan where each dollar will go when and why
- ✓ Staffing budget based on each class group detail plus benefit pool and PTO
- ✓ Cash flow projection based on budget draft, adjusted for final budget considerations



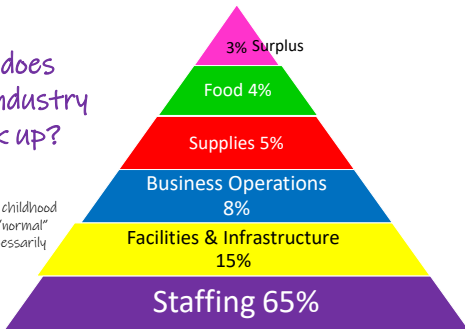
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Financial Tools Key to Sustainable Missions

- ✓ Timely and accurate income and expense statements with detail to match budget line items
- ✓ Income and expense statements with actual performance compared to budget
- ✓ Balance sheets showing our financial strength through our short and long term assets and liabilities
- ✓ Independent audit to assure business, lenders and grantors of solid financial practices

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How does our industry stack up?



Common early childhood business in a "normal" year - not necessarily 2020!

Karen's gem #8

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Mission to Model

Connecting **WHAT** we do ~ Enriched early education
and **WHY** we do it ~ Our Missions
with **HOW** we do it successfully ~ Sustainable Finances

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Why We Focus on These Three Strategies today?

Raising Wages attracts and retains an effective staff team, our most important element of quality

Raising Enrichment builds a stellar early education program, this is **WHAT** we do

Hope becomes our organizational mindset of optimism and humble confidence with every small success step we take!

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Raise Wages to retain an effective staff team



Our old mindset might have said:
"But we don't have the money!"

Wait, what about
the money jar?



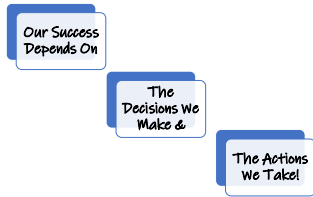
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Raise Wages to retain an effective staff team



Our new money-jar-half-full Mindset says:
"We have the knowledge and tools To create the needed change!"

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Action Cycle Model for Raising Wages

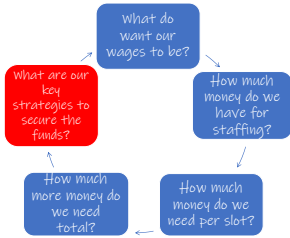


Action Cycle starts with decisions we Make!



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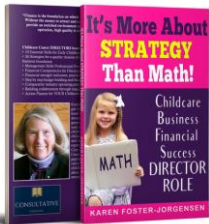
Raise Wages to retain an effective staff team



Actions We Take!

What are our key Strategies to make This happen?

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I know I say that it's more about Strategy than Math...

but sometimes we still just have to do the Math!

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Raise Wages to retain an effective staff team



An example:

A childcare business has 80 slots with 20 full time employees
 They want to raise their hourly wages by \$3 per hour for all
 Their staff work a total of 800 hours per week
 800 hours X \$3 per hour means they are seeking an additional
 \$2400 per week
 \$2400 divided by their 80 slots is \$30 per week per slot
 That is likely doable with a combination of policy, tuition and partners

Actions We Take!

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Raise Wages to retain an effective staff team

Key Strategies to Secure Funds:

- ✓ Identify dollar amount to achieve, dollars per week per slot = \$30/week
 - ✓ Average tuition \$300/week, we are seeking 10% more revenue per slot
 - Options to combine:
 - ✓ tuition increase of 4% earmarked for staff wages = \$12/week
 - ✓ Staff retention grant of \$8 per week per slot = \$33, 280 = \$8/week
 - ✓ Corporate campaign - Adopt-a-Slot \$10/week \$520 total donation = \$10/week
- from each of 80 businesses for total of \$41,600 Total achieved= \$30/week



Our money jar is filling up!

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Raise Wages to retain an effective staff team



Sample strategies of fundraising partnerships to fill the funding gap:

- Partner with employers to guarantee childcare slots for their employee's children (guarantees paid slots!)
- Campaign within business community and service clubs to "support a child" by contributing to one or more slots to cover enhanced wages for your quality team.
- Design and secure creative grant projects for supplemental staff wages, benefits and/or training

Actions We Take:

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Raise Enrichment to build a stellar early education program

We raise enrichment through:

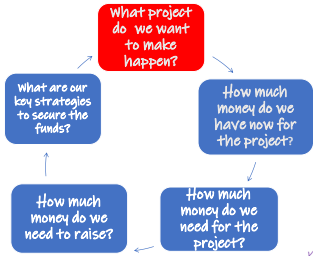
- Dedicated staff teams
- Positive Staff/Child Interactions
- Creative implementation of learning materials
- Well designed environment and facility design



You know all about program strength already – you are experts!
However, challenges might be arising in funding your stellar program.

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Action Cycle Model for Raising Enrichment



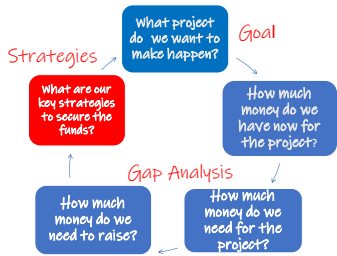
Action Cycle starts with decisions we Make!



Karen's gem #19

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Action Cycle Model for Raising Enrichment



Action Cycle starts with decisions we Make!

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Raise Enrichment to build a stellar early education program

We explored increasing revenue from tuition, now let's explore additional sources of revenue well suited to enrichment .

These strategies might include:

- Grants from public and private sources
- Partnerships with local businesses:
- Collaboration with community organizations
- Events highlighting program excellence



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Raise Enrichment to build a stellar early education program

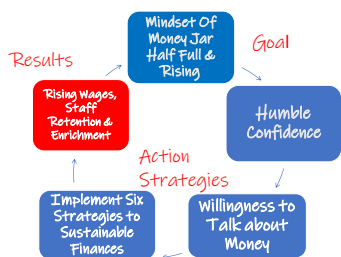
Partnerships with local businesses:

- ✓ Employers where families work
- ✓ Local branches of bank and retailers
- ✓ Manufactures for in-kind
- ✓ Adopt-a-slot
- ✓ Creative options are endless!!



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Action Cycle Model for Raising Hope



Action Cycle starts with decisions we Make!

Karen's gem #10

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Jar is Back!
It's filling up!!!

It's filling up because we have opened ourselves and our businesses to strategies for sustained financial success!

60

When Mission Matters, Money Matters!



61

"HOPE is not a miracle that makes everything work out well without hard work or wise actions!"



Karen's gem #11

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And this is HOPE ~ a road sign of things to come!



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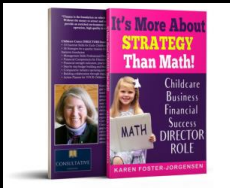
Hope with wisdom will keep our money jars full...



And our Missions bravely met!

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