

First You Have to Pay the Bills

Training and Technical Assistance Focused on the Business Side of ECE

by Louise Stoney and Susan Blank

Early care and education is an industry comprised of small non-profit and for-profit businesses. However, many people working in the ECE field, and many of the field's leaders, have trouble viewing early childhood work through a business frame. They stress that their focus is on children and on nurturing early learning, not on budgets and spreadsheets. True. But children can't pay the bills. And if someone doesn't focus on the business side of ECE, a program risks not only an erosion in the quality of its services but, all too often, outright failure. ECE program directors, including directors who are experts in child development and know how to provide high-quality services to children and families, may fail to see the warning signs of a business in trouble until it is too late.

Those concerned with the need for ECE providers to become better business managers routinely call for business-



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oriented training as the solution to the problem. Yet relatively little has been written about what kind of training strategies and techniques do the most to help ECE programs operate as financially viable businesses. To help answer that question — and to stimulate further discussion about techniques that work — we conducted a series of interviews with organizations that develop and/or offer training and technical assistance to improve the business skills of ECE providers. Findings from the interviews were first summarized in an issue brief, entitled *Delivering Quality: Strengthening the Business Side of Early Care and Education* (Stoney & Blank, 2011). Here are some highlights of what we learned.

Generic training has limited impact

Our interviewees underscored that business training per se is not likely to produce results; how, when, and by whom that training is delivered matters greatly. Generic broad-brush business management training, delivered in a classroom, appears to have little impact. A great deal of training that is offered to ECE directors, managers, and staff — including training required for a degree or for earning an ECE teaching credential or a Quality Rating and Improvement System (QRIS) rating — consists of one

or a series of presentations that proceed through standard business management topics. Typically this kind of standard training is not activity-based, linked to technology or management tools, or designed to respond to the management problems that the trainees themselves consider most pressing. All too often participation in this sort of training becomes an academic exercise, or something to check off the list of requirements, rather than a learning experience with lasting effects.

If generic business training has only a marginal impact on the trainees, are there ways to structure training that make it more meaningful and useful? Interviewees made a number of suggestions about how to improve on this approach, and their ideas and recommendations are summarized next:

Training should be specific, hands-on, focused on providers' needs, and organized around manageable steps and concrete tasks.

One of the advantages of the fine-grained, hands-on approach to training is that it encourages trainers to break topics down into manageable steps that go into detail about a particular issue rather than proceeding rapidly from

topic to topic. And training is much more likely to make a lasting impression if the focus is on a current, real-life challenge. Some examples of this kind of training:

- First Children's Finance (FCF), a national organization based in Minneapolis, offers a wide range of training on multiple topics, all in short modules, that are tailored to the needs of the trainees and that focus on such issues as the budget implications of full enrollment, how to meet requirements associated with the government-sponsored child care assistance program, and fundraising.
- Good Work Network, a small business development agency in New Orleans, begins by helping trainees learn about a task that they need to carry out as part of their daily operations and only later introduces training on more wide-ranging topics.
- With a similar focus on immediate concerns, the Massachusetts Building Strong Centers (BSC) Training Institute targets administrators who want to plan or implement a project to improve their facilities or create new ones; participants are required to submit a competitive application, and training is focused on helping the organizations that are selected for the training achieve the goals outlined in their applications.

Training works best when it is used in tandem with ongoing technical assistance.

The ability to follow up training with technical assistance (TA) makes it possible to reinforce — in real time — what is learned in the training session. If at all possible, TA should be offered for extended time periods. For example, BSC provides a year of TA to its trainees, FFC offers TA to its Growth Fund participants for up to three years, and Good Work has been assisting some centers for several years. All three orga-

nizations report that their training combined with TA has had positive results.

Training should take into account the realities that shape the work lives of ECE managers and staff.

Because ECE staff and managers are often overworked even without the added obligations of business training, gaining their commitment to and getting them engaged in training means that training providers should adjust to trainees' needs and schedules. Some organizations take trainees out of the child care centers where they work in order to give them the uninterrupted time they need to focus on learning new tasks. Other organizations bring training into the centers, with the trainer sitting alongside the trainee and addressing real-life problems — a process that often includes demonstrating tools and techniques. Still, lack of time remains an ongoing and serious challenge, and figuring out how best to address that challenge should be a top priority for training providers.

Training/TA should take advantage of technological tools that help providers solve problems.

Business training should include tools such as templates for budgeting or breakeven analyses, fiscal management software, or other technology supports.

- FCF has recently revised and strengthened the resources and tools section of its website (www.firstchildrensfinance.org) to include a range of documents that cover all of the fundamental components of an ECE business.
- Self-Help, a statewide community development agency in North Carolina, created similar tools and templates for its clients.
- Good Work Network tends to use off-the-shelf tools such as child care management software and Quickbooks and then focuses support on use of

these tools, with the support covering hand-on guidance to trainees to enable them to populate the software so that they can begin to use it. Good Work uses and develops procedures that make fiscal management faster and easier — for example, a system that allows bank statements to be easily downloaded into accounting software, which then automatically populates financial statements. The agency is about to launch an initiative that will offer participating trainees what it calls an 'office makeover.' The TA provider will suggest everyday systems that make life easier for the program — for instance, what systems should be triggered when a parent hands the program a check.

Trainers and TA providers need to understand both ECE and business management.

Interviewees noted that finding staff with knowledge and experience in both ECE and business management is essential, but difficult. One popular recommendation for strengthening the business side of ECE is to seek volunteer help from the broader business community. But for the ECE field this approach has significant shortcomings. Volunteers from the business world are very often experts in generic business management, but unfamiliar with challenges that are unique to early care and education businesses such as child care licensing, staffing, or subsidy policies and procedures. Effective volunteers need patience to learn about the field and build relationships with caregivers with varied experiences and backgrounds; they also need the time and energy to help providers with detailed tasks like bookkeeping — or with very simple ones like balancing a checkbook.

One interviewee has found that college students — especially students studying accounting or business management — make excellent volunteers. The students

can receive credit for the time spent working in centers, have the computer skills to help implement automated systems, and can themselves learn a great deal from the day-to-day experience of helping a director populate a new Information Technology system or implement a new management procedure.

Effective training/TA takes advantage of teachable moments.

Training/TA should be made available at strategic points in time. For example, the predevelopment process that precedes applying for a grant or loan can be a teachable moment. Applicants are focused on preparing the financial information necessary to secure funding and therefore are open to assistance. They are also able to apply the information immediately. This teachable-moment approach is key to the success of First Children's Finance and Self-Help, both of which make loans and grants to ECE programs.

Tax time can also be a teachable moment. The Corporation for Enterprise Development sponsors a Self-Employment Tax Initiative (SETI), which offers help to small businesses in filling out tax forms. Small child care providers have turned out to be one of the largest groups of customers for this service. Illustrating how tax assistance can open the door to other kinds of help to strengthen business management, several SETI partners have supplemented tax assistance with a range of other supports for child care businesses:

- The Central Vermont Community Action Council in Barre, Vermont, delivers tax preparation services that not only include help with Schedule C, but also guidance to self-employed child care providers to enable them to better understand their year-round business recordkeeping needs and to build assets.
- The Nehemiah Gateway Community Development Corporation in Wilming-

ton, Delaware, operates a Financial Service VIP (Virtual Incubator Program), which includes free tax preparation, monthly recordkeeping services, help with retirement planning, and long-term savings options focused on Certificates of Deposit and/or IRAs.

Just like a loan application process or tax time, a financial crisis can turn into a teachable moment for ECE businesses. Program administrators who are suddenly faced with a drop in enrollment or loss of a grant may be ready to reflect on current practice, learn something new, and make changes.

Engaging uninterested or reluctant providers requires focus.

Teachable moments only occur when an ECE provider recognizes the value of business management and seeks out help. What, however, should be done about service providers who don't seek out help and may not recognize the warning signs of a program in financial trouble? While a few interviewees suggested that some business-management training — as part of an early childhood degree or credential, a QRIS, or a grants program — should be required, others believe that mandated training is unlikely to work, largely because this approach leads to the generic broad-brush training that has not proven effective, but also because ECE managers who attend training only because they are required to do so are unlikely to retain the knowledge offered in the training sessions.

But while mechanistic mandating of business training can easily backfire, that does not mean that those concerned about the financial viability of the ECE industry should conclude that little or nothing can be done to connect more ECE managers with business help. To start, public and private funders can consistently communicate

to the service providers whom they fund and regulate that sound business management is key to long-term sustainability. And rather than requiring training, funders and policy makers can ask ECE programs to report on business outcomes (for example, What is your cost per child? vacancy rate by month? number of days' cash on hand? number of days' receivable?) By showing their strong interest in the results of sound management, these leaders may well encourage many ECE managers to seek business management supports and training on their own because the managers will come to recognize the need to deepen their understanding of the results they are reporting on and to figure out strategies for improving those results in the future.

Effective training/TA draws on peer learning and support and builds trust.

Peer learning and support is important. When training is delivered in a group setting, with peers in similar situations, participants see that many of the challenges they face are not unique to their particular programs. In many cases, they also come to see that the challenges are industry-wide problems.

Building trust among group members and between those individuals and their trainers is important for any training experience, but several interviewees pointed out that trust is especially critical for ECE business training. Financial management is a sensitive subject for many ECE providers, who are often insecure about their limited financial skills and knowledge. Furthermore, many ECE providers fear sharing potentially confidential information with colleagues viewed as competitors. Interviewees repeatedly stressed that the best antidote to these problems is creating a training environment in which trainees see both the trainer and fellow trainees as colleagues with whom they can be open about the difficulties they face.

The financial rewards offered by grants and loans can heighten the appeal of training/TA and can support the efforts of trainees to become better business managers.

Often training/TA is paired with grants and loans. For some organizations access to capital has been front and center; in others it is simply one of several possible supports. Some believe that offering small rewards along the way, rather than a single upfront grant, will keep providers engaged. Typically this approach means that every time participants complete a particular section of training or a key task, they are eligible for another reward. Of course, providing grants and loans alone is rarely enough to help a faltering ECE business stabilize. However, in combination with training/TA, financial rewards can make a difference.

A Final Note:

The Limits of Training and TA

As suggested by the preceding discussion, if training/TA services are delivered well to motivated participants, they can help improve the business side of ECE. There are, however, some ECE businesses for which even the best training and TA is not sufficient. Cost-modeling suggests that in most states an ECE program that has staff:child ratios close to those recommended by the National Association for the Education of Young Children must serve more than 100 children, maintain enrollment at 95 percent or higher, and collect all available public and private revenue in full just to break even.

The average U.S. child care center serves fewer than 75 children. And a 95 percent utilization rate is rarely possible. Given these limitations, and the fact that most states impose numerous limits on reimbursements for low-income children, is it possible for even the best-run stand-alone center to bring

in enough revenue to offer high-quality services to low- or moderate-income children? These concerns have led many organizations that provide ECE business training and TA to explore systemic capacity-building strategies like Shared Services — community-based alliances that make it possible for ECE programs to share costs and strengthen administrative and program capacity. For more information on shared services in ECE go to www.opportunities-exchange.org or read the Cover Story (which highlights a Shared Service Alliance in Chattanooga) in the September/October 2009 issue of *Exchange*.

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List of Interviewees

Diana Bender, Co-Executive Director, Sound Child Care Solutions
Phyllis Cassidy, Executive Director, Good Work Network
Vontrise DeBoue, Good Work Network
Nancy Freeman, Executive Director, Institute for Mental Hygiene
Sherry Guarisco, Louisiana Partnership for Children and Families, Louisiana Alliance for Shared Resources
Carolyn Hannon, Early Childhood Collaboration Manager, Community Foundation of Middle Tennessee
Christie Hendricks, Coordinator, California Preschool Instructional Network, Region 7
Laura McAlister, Co-Executive Director, Sound Child Care Solutions
Karen O'Mansky, Director, Community Facilities Fund, Self-Help
Mara O'Neil, Director of Capital Investments, First Children's Finance
Farrah Parkes, Senior Program Officer, Management Services, Philadelphia Health Management Corporation
Lisa Polk, Manager, Georgia Alliance for Quality Child Care
Deb Ruegg, Director of Consulting, First Children's Finance
Tyrone Scott, Program Manager, Community Services, Delaware Valley Association for the Education of Young Children
Mia Strugar-Fritsch, ECE Business Services Program Manager, Early Learning Ventures Alliance
Carl Sussman, President, Sussman Associates
Josie Watters, Vice President of Home Operations, Early Learning Connections Learning Centers
Judy Williams, Project Manager, Early Learning Ventures, The David and Laura Merage Foundation
Elizabeth Winograd, Director, Building Child Care Project, Insight Center for Community Economic Development