

# THE BASICS of LEADING a CHILD-CARE BUSINESS



THE BUSINESS OF CHILD CARE

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Marnie Forestieri

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# INTRODUCTION

Leading a child-care center and developing a quality workforce is a huge challenge. The landscape of the child-care industry has changed dramatically over the past several years, making those challenges even more difficult. Child-care operators and providers are rethinking how they can provide high-quality care for young children. Families are rethinking whether the cost of child care is necessary.

America's decentralized early childhood system ranges from small in-home day-care centers to larger child-care centers supported by families' fees and/or public subsidies. According to the *Early Childhood Workforce Index—2018*, approximately one million adults employed at center-based programs cared for and educated millions of children from birth to the age of five years. Another one million child-care professionals worked in informal settings. These caregivers are an ethnically, linguistically, and racially diverse—as well as predominately female—workforce.

The American child-care system supports the country's economy. Businesses rely on employees. Employees rely on child care. Working families face the same challenges as the generations that preceded them: how to provide care for their young children while they are away at work.

In her 2016 article “Is the Cost of Childcare Driving Women Out of the U.S. Workforce?” Bridget Ansel asserts that the lack of family-friendly policies to support women in the workforce explains the decrease in women's participation in recent years. In contrast, European countries with expanded policies such as family leave, child-care subsidies, and part-time work encourage women's employment. As more families rely on dual incomes to stay afloat, women's long-term financial well-being is at risk, especially in the case of divorce or a partner's death.

A 2018 survey conducted by the Center for American Progress reflected that mothers were 40 percent more likely than fathers to report that they had personally felt the negative impact of child-care issues on their career and said they would take steps to increase their earnings and advance their careers if child care was available (Halpin, Agne, and Omero, 2018).

According to researcher Sandra Bishop-Josef and her colleagues in 2019, the cost of lost earnings, productivity, and revenue due to the child-care crisis totals an estimated \$57 billion.

Lack of access to high-quality, affordable child care continues to drive parents out of the workforce, disproportionately impacting women's careers. The trend especially affects minority women. Bishop-Josef and colleagues found that minority women reported that they would look for higher-paying jobs if they had better access to child care.

Child-care businesses rely on family tuition to support their businesses. In a landscape plagued by income inequality, child-care operators who are making a reasonable profit are the ones serving the high-to-middle-income family bracket in areas where families can afford to pay higher tuition rates. The rest operate at very thin margins.

Regardless of the profitability, labor remains the leading operational risk child-care centers face across all market segments. To hire, retain, and develop a trained and stable workforce, businesses have to create the salaries, conditions, career paths, culture, and processes for professionals to enter and remain in the industry. All components of the child-care system have to work together to shape the image of the child-care professional of the twenty-first century.

By 2020, a new child-care landscape had started taking shape. The COVID-19 pandemic exposed the vulnerabilities of the system and highlighted the importance of early childhood education as a pillar of the economy. Essential workers struggled to find child care so they could continue to keep their jobs. The pandemic emphasized the longstanding struggles of working families to access high-quality, affordable child-care solutions. It also brought to light the challenges of private child-care businesses operating on thin margins and in less-than-ideal conditions.

With these challenges come opportunities. We have learned about the importance of teacher-child interactions in setting the foundation for children's success in school and understand that child-care professionals play a key role. While the COVID-19 crisis forced some child-care centers to close permanently and reduced the child-care workforce, it also started a national conversation about the opportunity to reshape the post-pandemic child-care landscape in America and the importance of involving the federal government in setting the respect, conditions, and environment that would allow families to access affordable, high-quality child-care.

Bishop-Josef and colleagues point out that policies such as the Child Care and Development Block Grant (CCDBG) of 2014 and the Child Care for Working Families Act of 2019 represent great progress in crafting solutions to increase access to child care and support families. The National Association for the Education of Young Children (NAEYC) and other organizations are leading conversations to propose solutions to elevate the careers of child-care professionals after COVID-19. Our nation has the opportunity to work together to find solutions on how to attract, hire, and retain the next generation of child-care professionals.

## THE RAPID SPEED OF CHANGE

With a solid foundation, child-care centers can adapt to changing conditions and withstand uncertainty. The convergence of uncertainty, complexity, and acceleration demands a response that ignites passion and meaning and purpose in the workforce, asserts Ira Wolfe in his book *Recruiting in the Age of Googlization*; I agree, especially after COVID-19. To rebuild our shattered child-care landscape, owners and directors will have to adapt their approach to leading child-care organizations.

As changes unfold in front of our eyes, the presumption that employers will offer long-term jobs may be a thing of the past. Free agency and the gig economy (the economy of freelance and part-time workers) in the new generations, along with the uncertainties imposed by our post-pandemic world, will require a certain comfort with sharing the workplace. Organizations will require leadership, speed, flexibility, analysis, and technology.

In his book *The Age of Spiritual Machines: When Computers Exceed Human Intelligence*, Ray Kurzweil explains, “We are entering the age of acceleration. Because of exponential growth, the 21st century will be equivalent to 20,000 years of programs at today’s rate of progress and will require organizations to adapt at a faster and faster pace. Therefore, there will be only one constant element in the organizations of the 21st century: change.”

A Chinese proverb says that “when the winds of change blow, some build walls and others build windmills.” Change will require employers to build windmills as they adapt and differentiate their child-care centers. Offering a strong, flexible, respectful, and supportive culture in your child-care center will become the differentiator to creating a stable workforce.

# DEVELOPING THIS SERIES

This book is the second in the Basics of Child Care series on starting and operating a child-care business. To provide information relevant to child-care operators and to directors who want to understand the management side of the operations, we sent out a needs-assessment survey to providers serving different market segments. One of the survey findings is that, regardless of the organizational structure or business model, all child-care providers face the same challenges: operations, marketing, finances, and customer service.

In most cases, directors who responded to our survey say they report to an owner who handles the business side of the operation. One of the challenges of this dual-management system model—an investor/owner and a child-care director—is that it prevents directors from having a holistic view of the company. The high costs of setting up a program and lack of understanding of the business side of the industry, financing options, and challenges of opening a new business have kept educators from understanding the total picture. Owners handle the business side of the operation, including selecting a location, marketing the facility, securing financing, setting and processing payroll, collecting money, and paying business expenses. Educators manage staff, provide customer service, and are accountable for quality metrics of the program.

Nevertheless, directors know from experience that decisions made in one area of the company will affect the rest of the organization. Child-care directors who understand the business side of the operation can operate more efficiently and respond faster to market trends, as the organizations of the twenty-first century will demand that internal departments be interconnected. In the same way, child-care owners who understand the skills, knowledge, and techniques needed to support children's development and learning can design and support high-quality programs with their administrative decisions. As states develop guidelines to cover skills and knowledge children are expected to learn, both sides of the business of child care must work together to meet the expectations of what children should learn before entering formal school. This book is designed to create a shared vision for both sides of the operation.

# HOW THIS BOOK IS ORGANIZED

Each chapter focuses on a specific area of operations, offering terminology and concepts to help you understand the ins and outs of the child-care business. You will find the following features throughout the book:

- ▣ **Terms to Know:** vocabulary related to the key concepts
- ▣ **Main Questions:** key questions that shape each chapter
- ▣ **Case Study:** real-life or fictional scenarios that illustrate key concepts
- ▣ **Build Your Knowledge:** questions and exercises to help you apply the concepts you are learning

I share case studies of providers in different settings, including home care, independent day care, and franchised locations. At the end of each chapter, you can build your knowledge with guided questions that will help you assess your progress.

## DEVELOPING AND LEADING A HIGH-QUALITY PROGRAM

Before you begin this journey, take stock of the key components of a high-quality child-care program. High-quality programs are easy to spot. From the moment you enter the facility, you can experience children's joy for learning, recognize intentional and caring teachers, explore carefully designed spaces, and observe health and safety practices.

All states have regulations or licensing standards that child-care providers must meet to legally operate in the state. The regulations provide a baseline of quality rather than one advancing child development and early learning. Different tools have been developed to compare and measure excellence, such as environmental rating scales, the Quality Rating and Improvement System (QRIS), and national accreditations. Quality-improvement systems such as accreditations evaluate a program's commitment to high-quality standards by looking at teacher-child, teacher-family, and community relationships, as well as leadership and management.

Regardless of the tools, there are some key components of quality to measure and compare the quality of early learning.

- ▣ **Environment:** High-quality programs offer children a physical setting where they can play, explore, and learn safely. Staff follow procedures for diapering, sanitizing, and food services.
- ▣ **Program structure:** The leadership supports developmentally appropriate practices, balanced learning, quality-improvement processes, and a pipeline of well-trained teachers.
- ▣ **Curriculum:** The written plan detailing the activities and experiences to support children's learning is age appropriate, grounded in child-development principles, and evidence based; provides ongoing assessments; and supports family involvement and individualized instruction.
- ▣ **Supportive interactions:** Adults respond quickly to children's needs, respect their opinions, and help them self-regulate.

What all these components have in common is that they require a well-educated, committed, and trained workforce. We will look at the barriers to hiring such a workforce and explore ways to get around these barriers, exploring solutions designed around the motivations and ideal profile of the candidates. Motivation has long been recognized as an important factor in the quality of a person's work in any vocation, and that is especially accurate in a vocation such as teaching early learners.

Growing into a high-quality program begins with a commitment to excellence at all times. Going through the process will not be easy; it may be the hardest thing you have ever done. It will require every member of the school family to be involved. You will need to reveal your team's weaknesses. Take it from someone who has undergone the same process many times: it is worth every headache, frustrating moment, and sleepless night. Now, are you ready to bring your team to the next level?



# 1

# THE TURNOVER PROBLEM



*Give your teachers the respect they deserve, because they are the ones who can help you get where you need to go.*

—RICHARD HOWARD,  
AMERICAN AUTHOR, LITERARY CRITIC,  
TEACHER, AND TRANSLATOR



## MAIN QUESTIONS

- » Who is taking care of America's children?
- » What are the characteristics of the child-care workforce and requirements for the job?
- » What does it take to hire, retain, and promote committed professionals?
- » What are the internal motivations to stay and grow in the industry?

# A QUALITY CHILD-CARE PROGRAM BEGINS WITH A QUALITY LEADER

As school-readiness expectations mount and the business of child care continually evolves, early childhood educators are being pulled along for the ride. Now, more than ever, quality leadership is necessary to ensure quality care.

*The Basics of Leading a Child-Care Business*, the second book in The Business of Child Care series, explains how to develop and lead a high-quality program where children can play, explore, and learn in the care of a well-educated, committed, and trained workforce. Learn about both the business side of the operation as well as the skills, knowledge, and techniques needed to support children's development and learning.

Each chapter focuses on a specific area of operations, offering terminology and concepts to help you understand the ins and outs of the child-care business.

- Explore key questions that shape understanding of important topics, including:
  - » What does it take to find and develop committed professionals?
  - » What are the root causes of turnover?
  - » How do you set the culture of your organization?
  - » What are the keys to the success of a child-care program?
- Read case studies that illustrate key concepts.
- Build knowledge with exercises that apply new concepts.

With a solid foundation, your child-care business, the educators you employ, and the children you serve can thrive. After all, early childhood educators play a crucial role in school readiness. Why not give them the best chance at success in that endeavor?



**Marnie Forestieri, CDA**, is the founder and chief learning officer at Young Innovators Academy. She is an award-winning and successful operator of large child-care centers and has presented at several national early childhood conferences. She started her career as a CNN reporter and later became the vice president of marketing in a telecommunications company. She holds a bachelor of science degree in business administration, a child development associate credential, and a director's credential.

  
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