



IMPROVE YOUR DAYCARE BUSINESS

By Focusing On The Three Pillars

By Tom Callahan

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The Three Pillars of Daycare

After I invested in a local childcare business, I realized I needed to create a structure to help focus resources and staff time where they were needed. The conceptual structure I built to manage and improve Callahan Learning Center became a way for me to understand how different daycare was from every other business I'd been in. Over the years I've learned that success for a business owner often comes down to paying attention to the experiences you are creating for your customers. No matter what you think your business is, the real definition of your enterprise lies in the feelings it creates for your customers, your employees and others who interact with you.

Building a strong daycare needs to start with recognizing the three core groups whose experiences will make or break your success.

Those groups are:

Parents – Parents are the paying customers, and they hold the power to build your daycare's reputation—for better or for worse—by referrals and word of mouth.

Children – While the parents are paying you, children are the true consumers of your product. Their experience needs to be extremely positive, and that positivity must be clearly visible to the parents who decide whether to put them in your care.

Teachers and Staff – Your staff members are caregivers—they are your product. If they're happy, children will have a positive experience, good teachers will stay on the job and parents won't feel like they are walking into a toxic workplace every time they drop their child off.



Once we understand who these three groups are, we can look at the business practices that will ensure an optimal experience for each group. We also have to keep in mind that these groups do not act independently of each other. Teachers, children and parents are constantly interacting and influencing each other. Those interactions are a core product of your business as a daycare. The success of your business depends on providing an optimal experience for all three groups at all times. When one slips, it impacts the level of quality of the entire business.

Three Pillars, All Essential

This concept of interdependence among the groups in a daycare business influenced the structure I created to help me manage my business. I call it the Three Pillars of a Successful Daycare. Much like the legs of a three-legged stool, none of these pillars is optional. If one falls, the entire structure—the daycare—falters. While each pillar is rooted with one of the core groups served by your business, your children, staff and parents interact with all three every single day.

The Three Pillars Are:

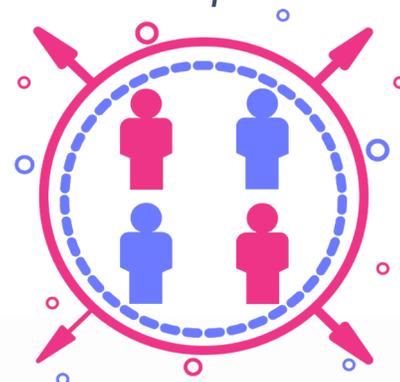
Customer Relationships



Operational Excellence



Talent Development



Customer Relationships – This pillar is primarily rooted with your parents. What is their experience, from the first time they call you asking if you have space, to their arrivals to drop off and pick up their children day after day?

Operational Excellence – This is how you deliver the experience that delights your children, but it is also crucial for parents and staff members. From lesson plans to the efficiency with which you collect payments, this pillar is where the rubber hits the road.

Talent Development – Finding, training and keeping teachers who are the right fit for your business will make or break you. How do you prepare your talent to deliver the kind of service that will keep children and parents happy and raving about your business?

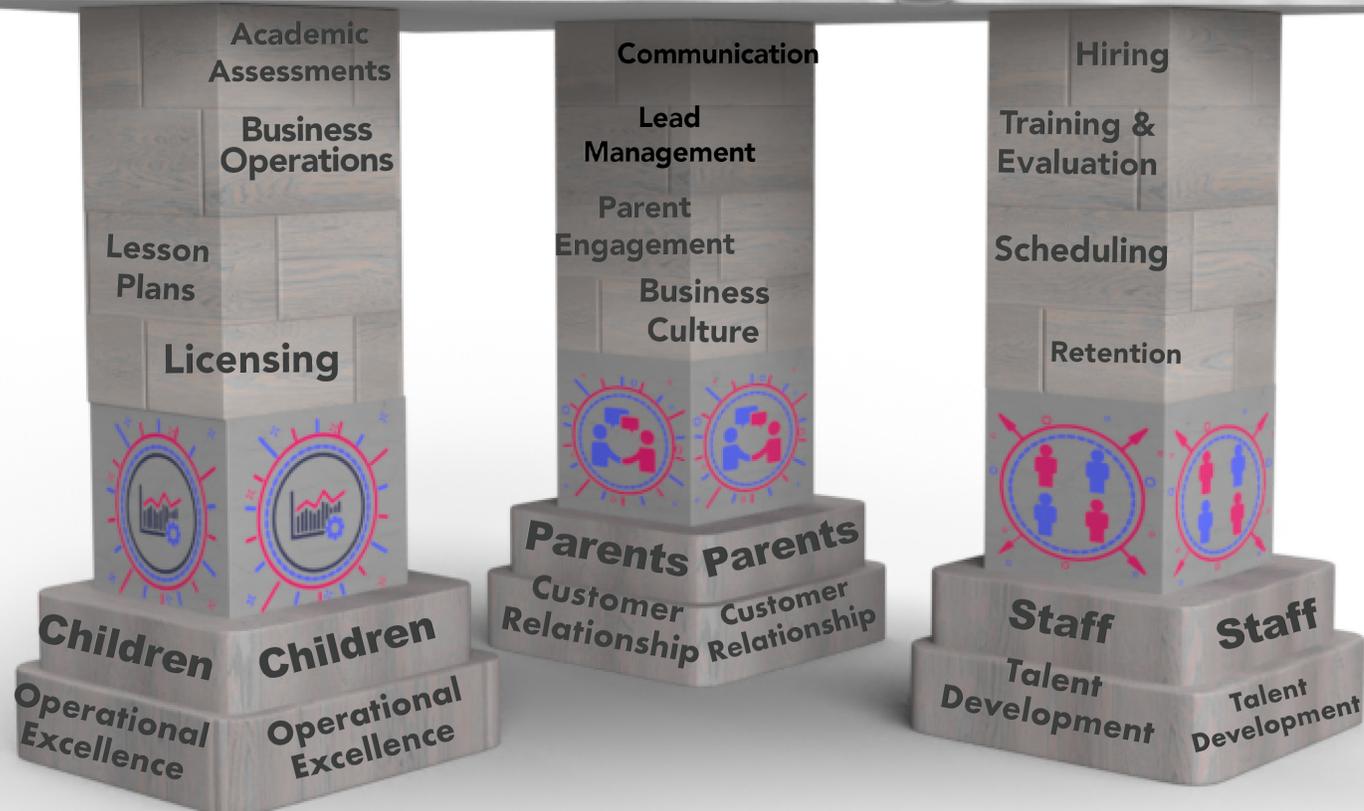
It's important to look at the Three Pillars not as a prioritized list, but as a combination of factors that have to work in symphony for your business to succeed. Think of them as being the three columns holding up the roof of a structure, rather than three stops on a line, and it's easy to see how the groups influence each other. That roof is your childcare business. The pillars are essential to its integrity.



For the purposes of this analogy, I have in mind brick masonry pillars. The bricks that make up each pillar are the core competencies necessary to succeed in each of the three business areas. We'll come back to those bricks a little later

If you want to improve your business, it's easy to see that you can't spend all of your time and resources laying bricks for one pillar, to the detriment of the others. A structure where one pillar is taller than its mates won't be very sturdy. Your daycare's quality will be defined by the lowest-performing of these three elements, just as you'd need to shorten tall pillars to level the structure that sits on top of them. Likewise, if you take bricks out of any of your pillars by losing focus on their core elements, your structure will begin to wobble. With this understanding, let's dig into the work necessary to optimize each of the three pillars.

Your Daycare



Customer Relationships

Have you ever seen two small children talking to each other on the playground about how great their preschool or daycare is? Not likely, but anyone who has ever spent time on a popular playground knows that this topic dominates the bench where the parents hang out. Daycare operators should always remember that no matter how amazing the experience you provide for children (hopefully it's stellar), if your parents don't see that excellence, it might as well not exist. Don't assume that the joy your children exhibit in the classroom will waft into their parents' awareness as if by osmosis. Be intentional and ensure that you regularly and clearly communicate the value you bring to the children. This is the essence of customer relationships.

If you provide value but your customers don't see it, does that value exist?

Being intentional about what your paying customers—your parents—experience means looking to the very start of your relationship with them to begin building those positive feelings and the perception of value that will lead them to enroll, renew and then recommend you to friends. This is called customer relationship management, and it is a highly prized skill in the sales industry. As in many other industries, it can take multiple engagements or touch points with a customer for a daycare operator to “make the sale,” or enroll a family's children. It is important to approach every interaction you have with a potential or current customer as an opportunity to convert them into someone who will use, recommend and remain loyal to your business.



Nurture Your Leads

When a parent calls a daycare to inquire about availability, they are what the sales industry would call a “hot lead.” That means they want to make a decision to spend their money somewhere fairly quickly. If you aren’t one of the first three businesses to return their call, you will likely lose the sale before you even have a chance to make your pitch. Do you have a rule for how quickly calls must be returned? At Callahan Learning Center, we make it a policy to return all calls within business hours—not days. Do you track whether you are meeting those targets?

The sales industry has built impressive customer relationship management (CRM) software programs to help businesses optimize their customer relationships. Unfortunately, many of these programs can’t handle the complex dynamics of daycare, with multiple children and their ages tied to each customer. A solution to consider is Child Care CRM, the only software I’m aware of that specifically optimizes managing your leads for a daycare center and easily interfaces with many day care management platforms on the market. Even without a software solution, you can still implement some of the best practices of lead management to help your daycare business.

Start by cultivating a deep understanding of who your true customer base is, whether it’s a parent looking for a Montessori preschool or a parent seeking the lowest-cost provider. If it is clear from an initial phone message that someone does not fit your target clientele, your time is better spent returning calls to an individual who does fit that profile. Similarly, hot leads don’t stay hot for long. If you have a long list of people who have called about openings, remember that the most recent callers are the most likely to still be in decision-making mode. Prioritize those callbacks to the ones you believe will be most successful and recent, instead of starting your return calls in the order that they were received.

Show Parents Your Value

Once a parent enrolls their children in your center, you have opportunities every day to provide them proof of the value you are delivering. Take advantage of these opportunities. Parent engagement is an integral part of our day at Callahan Learning Center. We use a parent engagement app that gives parents pictures, updates and information on the learning goals for the day so they can deeply understand the quality we deliver. You can't stop at delivering quality education and care. You must deliberately communicate it to your parents if you want them to provide you with referrals and repeat business.

54% of parents said they wished they had more information about how to be a better parent.

Whether you do this through a parent engagement app or through daily written reports, look at these communications as an opportunity to market your business and showcase the value you are providing. Relying solely on the children's reports to their parents is not dependable. Kids tend to tell about the best and worst part of their day only. In addition, kids don't look for the same values in a daycare that their parents do. Most kids would want full-time recess and a swimming pool, but parents want to be confident that there is structure and learning built into all of their child's experiences. Never assume the parent will see the value you are providing unless you intentionally put it in front of them.

Parent-teacher conferences are another opportunity to make sure your parents see your value. Consider whether you should add these to your parent engagement tool chest. Use the conference to address both how the child is progressing, as well as to present the key components of your educational program. Connect these components with the growth the child is making, and consider whether specific assessments can be used to provide even greater value in helping your families prepare their children for kindergarten.

Beyond daily reports and regular conferences, think about how you can be seen as a vital partner in helping your customers achieve their parenting goals. A 2015 study¹ of parents revealed that modern parents understand the critical role they play in shaping their children's brain development in early childhood. 54% of parents surveyed said they wished they had more information about how to be a better parent. As a daycare operator, you have a unique opportunity to help parents fulfill this desire to improve their parenting skills. Can your staff recognize when parents may be open to receiving strategies for dealing with common challenges? Can you provide a regular e-mail newsletter that includes tips, activities and information your parents will find helpful? If your customers feel like they are becoming better parents because of their relationship with your business, these efforts will pay dividends.

Be Aware of Your Digital Footprint

It can be hard to find time in the course of a day of running a childcare center to monitor social media, but when you ignore the internet, you are essentially letting somebody stand on your doorstep and yell things about your business to every car that drives by. You need to know what they are saying. Social media, your website, e-mail marketing and digital advertising provide an endless array of opportunities to actively market your business. But at the very least, it is essential that you as a business owner are aware of what your internet footprint looks like. This means setting up a Google alert for your business name, so that you will find notable mentions when they appear online. It means remembering to regularly read reviews on sites such as Yelp, Facebook, Google and others—whether or not you actively use those sites to market your business.

¹ <https://www.zerotothree.org/resources/1424-national-parent-survey-overview-and-key-insights>

Spend some time on a search engine in the mindset of your prospective parents. What are they going to type into Google if they are researching daycares in your area, and your daycare specifically? What do the results say about your reputation? While you can't control online reviews, you can mitigate bad ones—and even the best businesses will occasionally get poor reviews—by responding to them professionally in the name of your business. It's important not to argue with the reviewer or start a fight, but to acknowledge their feelings, apologize and emphasize things that you do that would make that outcome unlikely. Remember that bad experiences motivate people to write reviews more than good ones do. To get more happy customers writing reviews for you, consider something we've done at Callahan Learning Center. We bought a big gift basket and entered customers into a drawing to win it if they agreed to write an online review of our business. We didn't dictate what they wrote, but this was a good way to get people who were generally happy with our business to take the time to put their feelings about us in writing.

Communication Is Key

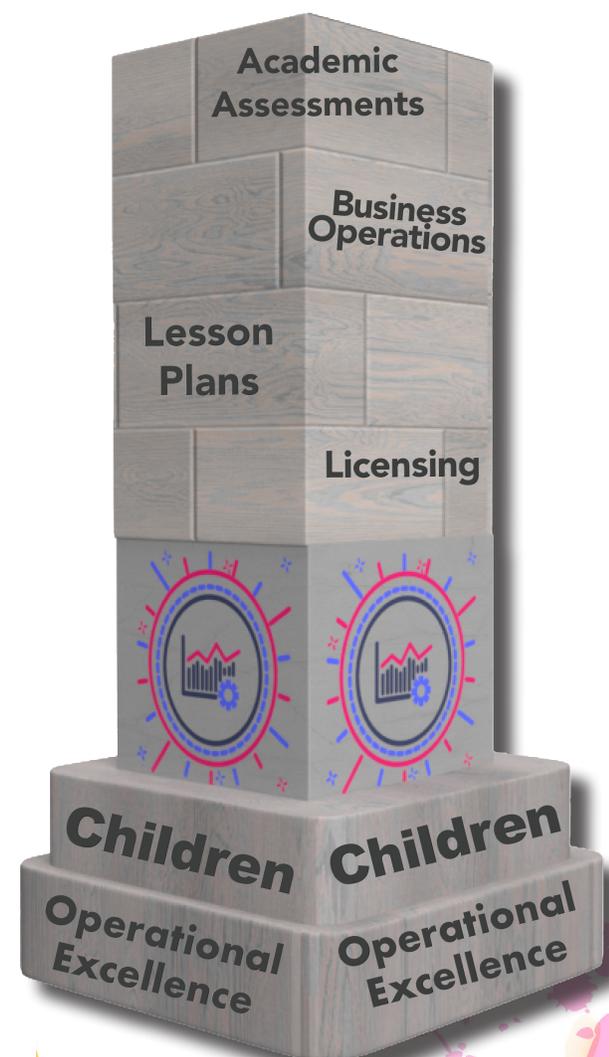
To successfully manage customer relationships, childcare center operators need to think strategically about every touch point they have with parents, from the first moment they inquire about availability. Set up office practices and processes that will ensure that you engage with potential customers while they are in decision-making mode. For current customers, remember to look at daily reports, teacher conferences and all other forms of communication with enrolled parents as opportunities to explicitly show parents the level of quality you are providing. While focusing on these priorities within your business, don't forget to set up habits and systems that will allow you to monitor what is being said about your business online. These actions will build the foundation for strong customer relationships that will strengthen your business.

Operational Excellence

When it's your job to win parents' trust in your abilities to care for their children, it's easy to slip into the mode of offering subjective and abstract qualifiers like "nice" and "the best" as you talk about your business. True quality is all about consistency. Define your expectations, communicate them clearly and achieve them on a daily basis. Improvement comes from raising expectations over time. Knowing what you want to do and doing it well is what operational excellence is all about. This pillar encompasses all of the things that are necessary to run your business on a day-to-day basis.

How are you meeting expectations every day?

Assessing the quality of your business and improving that quality starts with having an objective view of the current state of your operation. This is something that a great many businesses don't take the time to gain. You do yourself no favors as a business owner by pretending that you are something you're not. Your customers, teachers and children know exactly who you are. Ask them—whether through surveys, analyzing trends in customer and staff retention, or frank conversations. Compare the picture you get with your goal for what you want your business to be. Change does not come from simply stating your goals—you must take deliberate steps to implement that change.





Leverage Licensing

👉 In most states, daycare licensing covers the bare minimum requirements needed to run a serviceable childcare business. While many daycares see the licensing process as something to simply endure and check off the list each year, that is missing an opportunity. The regular process of bringing an outsider into your daycare business is an opportunity to look comprehensively at how your business will be seen by those not familiar with it. This is an important opportunity to harness.

At Callahan Learning Center, we do our own mock licensing inspections, complete with after-action reports and discussion of where we can improve. This is a time to be provocative and ask questions that don't come up during daily operations. What is slipping through the cracks? Why is that happening? Can you implement a system—something as simple as a checklist—to stay on top of it? Asking and answering questions like this over and over again is how you improve your business. Licensing season is an opportunity to carve out time to ask the hard questions.

Distinguish Costs From Investments

As a daycare business, the product you are selling is time with your trained caregivers. There are many tools on the market that can save your staff time by helping them to be more efficient. Some are purpose-built for the daycare industry, like the Child Care Seer software I have built to solve some of the biggest problems facing daycares. You can also find many great tools built for the broader market, such as a subscription to Microsoft Office365, which can help your staff communicate by sharing lesson plans and other documents.

All of the tools you use form the “mortar” that holds the pillars together and enable all the components to work together to hold the entire business together with consistency and quality.



Most good tools come with a price tag. While it's easy to look at the price as a cost your business can't afford, if you want to improve your business and build your future profitability, you must look at these as an investment.

Let's look at the math. If you pay \$150 a month for a software subscription that automates credit card payments, as Child Care Seer does, and that software saves your center director two hours of work each week, that is an entire workday you get back every month that your director can put into training staff or otherwise improving center operations. Your payments come in faster, and your parents like the convenience. The question then becomes, how can you not afford this \$150 per month investment?

Focus On Operations

To set a course for operational excellence, first take stock of the current state of your business by asking for authentic feedback from your staff and customers. Remember that licensing inspections are a valuable opportunity to see how your operations look to a complete outsider—harness these, and use the licensing season as a chance to ask tough questions. Finally, learn to distinguish costs from investments that can free up time for your staff, giving them the opportunity to put this valuable resource into tasks that will raise the performance level of your daycare business.

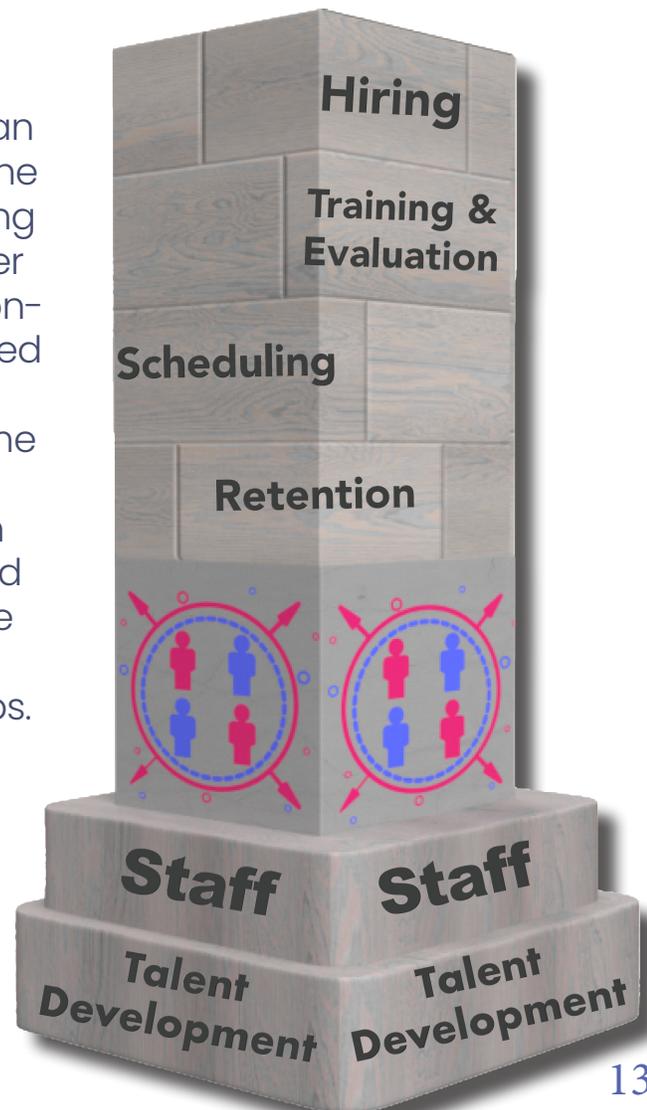
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Talent Development

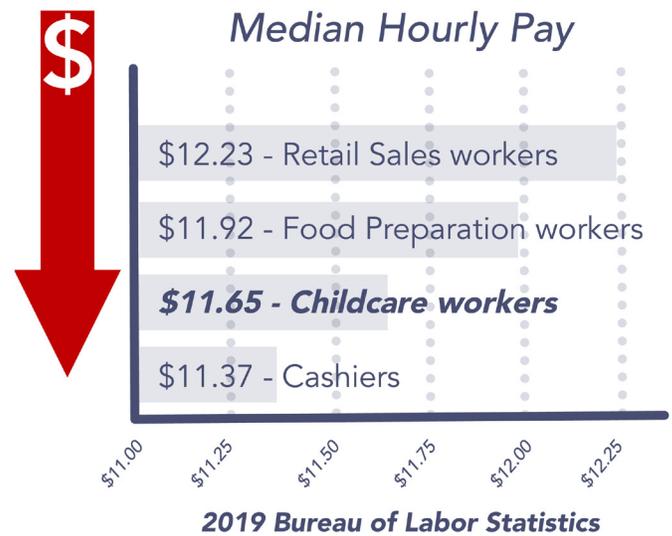
Human nature is not to stand still, but to keep moving forward. If you are lucky enough to find good talent, or caregivers to work in your daycare, it is crucial that you foster an environment where your team members have a path forward, whether that means opportunities to make more money with you, or a constant ability to improve their skills and competence in their jobs. This is what talent development is all about.

Do your staff have a job, or do they have a career?

At 30%, the turnover rate in childcare is more than four times that of elementary school teachers. The COVID-19 pandemic has made the task of staffing childcare businesses even harder. In a December 2020 survey of childcare operators, 69% of respondents stated that recruiting and retaining qualified staff is more difficult now than it was before the pandemic. Yet childcare workers have been some of the pandemic's unsung heroes, continuing to work in-person with children, and even taking on school-age children when K-12 schools remained shuttered. It's never been more important to take measures to ensure that childcare staff feel respected, prepared and hopeful about their jobs.



The economics are impossible to ignore. According to the Bureau of Labor Statistics, median hourly pay for a childcare worker in 2019 was \$11.65. That's less than median pay for food preparation workers and retail sales workers, and nominally higher than the median hourly pay for cashiers. Given that working in a daycare pays roughly the same or less than jobs that do not involve bending over, picking up kids, cleaning up constant messes and consumers who bite each other at times, it's important to ask: what are you doing to create an environment where your staff would rather work in your childcare center than somewhere else?



Think Beyond the Paycheck

There is so much more to a job than what it pays. You as an employer have a lot of power to impact how your staff feel about working for you without touching their pay. Do they feel respected? Do they feel prepared for the specific tasks you are asking them to perform? What are you investing in staff development, and can they see opportunities to improve their skills? Being deliberate about the finer details of your teachers' work environment can have big impact. For example, the Happy Teacher Project, a study focused on the well-being of early childhood educators, conducted surveys that found that one-fifth of early childhood educators reported having no adult-sized furniture in their classrooms. Back and knee pain and other job-related health concerns arose as potential contributors to turnover.

² <https://www.bls.gov/ooh/personal-care-and-service/childcare-workers.htm>

Many childcare workers are drawn to the field because they have a gift and a passion for working with children. But even the most gifted educator will have overwhelming days once in a while. How do you identify those, and what do you do to ease your teachers' burden on those days? At Callahan Learning Center, we have found regular classroom reviews to be essential to managing teacher overwhelm. Our managers and teachers regularly review each other's classrooms, offer pointers and give breaks when needed. Building a system of support and review into your daily operations can help ensure your staff feel that they are a part of a team, and they have the resources they need to continue to get better at what they do.

Whom Are You Looking For?

In a business such as childcare, when there is a constant need to hire, it can be easy to get complacent about whom you are hiring. Many managers make the mistake of looking solely at candidates who have specific hard skills, such as experience caring for children or previous childcare work. The skills needed to successfully care for young children are teachable. What is much more important is that your job candidate have the soft skills and temperament to be able to succeed in what can be a highly stressful work environment.

When you interview job candidates, focus on the soft skills. Ask candidates to tell you about their organizational skills. Ask them how they cope with stress. Ask them what makes them happy at the end of a workday. Craft interview questions that will help you determine whether an individual will be able to handle the chaos of eight 2-year-olds running around a room. You can always teach the hard skills and daily tasks they'll need to perform, but you can't teach temperament.

Preparation Breeds Satisfaction

Stress is endemic to work in childcare. While some of this stress stems from the unpredictability of children's behavior, there are plenty of ways you can limit the amount of stress your employees experience. Start by helping them feel prepared at every step of the way. Nobody feels good when they are thrown into a situation they aren't prepared for and expected to perform. Be intentional about equipping new hires with the skills they'll need to confidently make decisions, and communicate with current staff about changes in their classrooms.

Training new staff members doesn't have to take weeks. At Callahan Learning Center, we spend two days letting our new hires shadow teachers in the classroom. At this point they are not "in ratio" or part of our care team. They are there to observe and learn. They watch teachers, they have teachers watch them, and we take them through very specific checklists that prepare them to be in the room with children. After training, they will confidently be able to navigate all kinds of situations, from when to call building staff for help, to what to do if they need to use the restroom mid-shift.

Even seasoned staff won't respond well if you are constantly throwing them curve balls. That's why good communication about changes in the classrooms is key. It's important to have a set process for informing your teachers about when a new student is coming to their classroom. Staff should be able to expect advance notice of additions to their class rosters, to avoid the stress of arriving at work to suddenly be told they are adding a new child to their care. Do you ask your staff to perform duties outside the classroom, such as tours or customer callbacks? How are you preparing your staff to perform these duties? At Callahan Learning Center, we've developed a system of certifications. Nobody gives a tour of our center unless they have been certified to do so. This not only improves the quality of our tours, but it also avoids the stress that asking a teacher on the spot to give a tour can cause. By earning certifications in things like tours and customer relationship management, our staff can build skills, confidence and eventually increase their earnings with us.

Be the Go-To Employer for Care-Givers

To succeed in talent development, start making it your goal to be the best employer in your community for individuals who have a passion for working with young children. Think about all of the non-monetary ways you can support them in their chosen career, despite the industry's reputation for low pay. Make sure you're interviewing for the soft skills that are essential to sustained work in daycare, and then build systems that will equip your employees with the skills they'll need to confidently make decisions throughout their workdays. This will put you on course to develop and retain your talent.



A Holistic Approach, Where To Start

The Three Pillars of a Successful Daycare are an organizing principle that can help you allocate time and resources in a way that will lead to consistent quality and improvements in your childcare business. Start looking at the tasks you perform every day and placing them into one of the three categories of Customer Relationships, Operational Excellence and Talent Development. Are you spending most of your time in one of the pillars, and not enough time in the other two? This exercise can help you identify areas you've been neglecting, or opportunities to invest resources for improvement.

Remember that the Three Pillars are all about creating a better experience for the stakeholders who will determine the success of your business—the children in your care, their parents and your staff and teachers.

This organizational structure can help you deliver a better experience to all three of these groups, strengthening both your business and the value you provide to your community.





Seer Automates Everything With Childcare Except Your Love Of Children

Child Care Seer is an all-in-one platform for childcare providers that allows you to easily schedule, plan, communicate and execute the highest quality service with unparalleled flexibility while allowing you to maximize your profit per student and just as importantly time spent with your children.

About Tom Callahan

Tom Callahan is a serial entrepreneur and seasoned executive with a track record of starting, growing and leading companies of all sizes. He is the owner of Callahan Learning Center, a Virginia-based child care management company that operates centers providing high-quality and highly flexible child care. He is the founder of Child Care Seer, an all-in-one platform that can make child care a more manageable and profitable business. He came to the child care industry after more than two decades in the software and technology industries, where he invented multi-million-dollar product lines and guided multiple startups from cradle to exit, including his last startup selling for over \$200 million in 2019. Learn more about Child Care Seer at childcareseer.com.

www.childcareseer.com