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# Taking CARE of business

With the challenges of 30 funded hours on the horizon, Childcare Professional looks at what it takes to make your childcare business survive – and thrive – in the face of change.

What qualities do you need to be a childminder? Patience? Do you need compassion? A love of children? A talent for helping them learn and grow? What about a head for finances? A vision for growing a business? A knack for marketing? A way with spreadsheets? If the first set of traits rather than the latter are your forte then you are not alone. A recent PACEY survey of

almost 500 childminders revealed that, while three-quarters said they knew enough about business to “get by”, most acknowledged they could do more to help their businesses thrive.

And while just over 60 per cent said they take the business aspect of their work as seriously as the childcare aspect, that leaves two in five who don’t.

The profession is on the cusp of major change as the early years entitlement doubles to 30 hours per week for some working families.





With the funding rate falling short of the true costs of provision in some areas in England, many childminders will struggle to provide this offer without it affecting their small businesses. To ensure they remain sustainable, now is the time for childminders to nurture their business skills, as well as the children in their care.

### A "three-legged stool"

Jacqui Burke, Director of Flourishing People, a business that specialises in helping early years providers develop their business skills, says too often childminders fail to think of themselves as running small businesses.

"That is the first hurdle," she says. "I talk about it being a three-legged stool."

"It is about meeting the needs of the customers (the parents), it's about providing a quality service (what you do for the children), and it's also about managing the business. If any one of those three legs is a bit shaky, the whole thing falls down."

The risk when things go wrong is self-evident. According to the

latest figures from Ofsted, the number of registered childminders has fallen by almost a quarter since August 2012, with 500 leaving the profession between December 2016 and March 2017 alone and an increase in CSSIW de-registrations in Wales.

Jacqui adds: "I suspect, if you ask them, it's not because they don't love looking after children, it's because of the problems they've encountered dealing with the business side, which is becoming increasingly difficult with the reduction of local authority support and ever more demands."

So where do you start developing sustainability? How can you assess the current health of your business – and plan for its future?

### A business plan

Jon Hopper, Commercial Director of Retail Business Banking at Lloyds Bank, which looks after around a million small business customers, says a business plan can make a big difference.

"It helps to focus on what's important to the success of the business," he says. "And it makes any issues apparent quite quickly. It allows you to make your mistakes on paper."

## BUSINESS SMART FOR CHILDMINDERS

Thanks to a grant from the Department for Education, PACEY is developing a series of business resources for childminders, including an online business toolkit available at [pacey.org.uk/business](http://pacey.org.uk/business)

#### Log on and access:

- A business health check
- Finance and business planning: how to guides
- Marketing ideas

- Top tips on efficiency savings
- Information on 30 hours
- Ideas and inspiration from other childminders.





## TOOLS AND RESOURCES

**There is a wide range of software and apps to help you with everything from creating a business plan, to keeping track of expenses and sending out invoices.**

The Kinderly app supports the creation of digital learning journeys for children and, following development in collaboration with PACEY members last year,

also provides business features and tools such as an invoicing and accounting package, which includes a cost calculator and easy tracking of daily income and expenses. Find out more at [kinderly.co.uk/pacey](http://kinderly.co.uk/pacey)

This summer, PACEY is launching a Business Smart toolkit for childminders



(see page 52), which will include tools to track and monitor finances, and information and advice across topics such as business planning, marketing, and delivering 30 hours. Go to [pacey.org.uk/business](http://pacey.org.uk/business)

➤ The same goes for a childminding business as for any small business, Jon explains. "You need to set out what you want to achieve, understand your market and how it might change over time, and set out a business plan that is flexible enough to react."

Jacqui agrees: "A business plan is really important to give you a sense of focus. I think some people shy away from a business plan because they think it needs to be a 20-page document and very complicated. It doesn't. A business plan might be a simple one- or two-page document, so that they will use it and keep it up to date.

"It really helps to have something down on paper to look back on – maybe in six months – to take stock of how you're doing in each aspect: in terms of managing finances, understanding the market, getting the message out to potential customers, the quality of the provision and any other aims you have, such as future expansion or partnership working."

### Market research

When it comes to planning a sustainable business, guesswork doesn't come into it. Jacqui says:



"I think one of the most important things childminders need to do is to understand their market – to really understand parents in their area.

"What are their needs? What are their working patterns? Do they need you at weekends? Do they need something flexible? Then it's about designing a business model around those needs. You can start to talk about what you do that's different to everybody else – put yourself out there with a well-

defined and differentiated offer.

"Then you can also look at things like, are parents in your area passionate about organic food or outdoor activities? And build those things into your delivery model."

### Pin down your costs

Sue Asquith, Early Childhood Consultant and PACEY Associate, says it is also crucial for childminders to know exactly what it costs to deliver care – particularly in the advent of the 30 funded hours – and then use this to set a realistic rate.

"One of the things a lot of childminders do when they start out is find out what local childminders charge, and charge around the same amount without working out what a childcare place actually costs them," she says.

"If you are thinking about providing the 30 hours, you need to know how much it actually costs you to run your business," she adds. "You need to know if the local funding rate, with any supplements, matches the cost of providing care, how much of a take-home wage you need; then you can decide if you can offer the 15 or 30 hours or not – and how many places."

### Making 30 hours work

Jacqui says that while the advent of 30 hours "might be a step too far for some, others are developing really good business models.

"For those in the sector who are willing to do that strategic thinking and find new delivery



## Marketing

**Reputation is crucial, says PACEY Associate Sue Asquith.** "When you first start out it's about getting yourself on the right lists: going along to childminder groups, advertising in GP surgeries and childcare directories, for example PACEY's new SearchChildcare directory," she says.

"Once you're up and running and established you're your own best advert. If you turn up to the school run on time, if you're calm and friendly, and the children with you are in a good humour, then people will see that."

Growing any small business means marketing – but that needn't mean spending money on glossy flyers or expensive adverts, explains Jacqui Burke, Director of Flourishing People.

"Word of mouth should be part of everybody's marketing strategy not only because it's free, but because it's the most credible form of marketing. And increasingly social media is very powerful."

There are lots of free packages that can help you build a simple website, and many childminders use their Facebook pages in a similar way to a website or blog.

"By sharing interesting information with parents, you can build a reputation as the 'go to' person in the local area."

models, the 30 hours offers great opportunities."

"I think sometimes people forget they don't have to do it all," adds Sue. "They can work flexibly in partnership with another early years provider. If they have a child part-time they can offer some of the 30 hours – perhaps during a time when they would otherwise not be working with maximum numbers. For some childminders, filling an otherwise vacant space with a child using funded hours makes good business sense."

Other options include spreading the funded hours offer across the year rather than just during term-times, and making additional charges for services beyond regulated provision – such as home-cooked meals and outings.

"The Government is clear the funding doesn't cover all those extras. I think there is a role for childminders to be clear to parents about the reality of that, and also

to explain the value of all those additional things," Jacqui says.

### Expanding your business

Developing your skills can open up a host of other possibilities when it comes to expanding the business, from taking on an assistant to going into partnership with other providers.

Jacqui says she has seen successful business models that include childminders forming partnerships with each other, allowing them to cover for holidays and training days, and offer the greater flexibility parents often need. They are also increasingly entering into partnerships with other early years settings such as schools or pre-schools.

"It's about being confident and proactive," adds Jacqui. "Don't wait for them to come to you. If you think there is something you can do that can help them to meet parents' needs then talk to them, put a business case to them, suggest a partnership.

"If you are an enterprising childminder who can provide a solution to a problem for them, they're likely to bite your hand off."

"If you can develop your business skills, the world is your oyster," says Sue. "Especially with the regulations which allow childminders in England to work for 50 per cent of the week on non-domestic premises, so you can run a small after-school club within a school hall or a spare classroom, while maintaining your usual ratios."

### Keeping on track

Whether they have expansion in mind or not, childminders must ensure that their business is sustainable in the long term – and that requires constant vigilance.

Jon at Lloyds Bank explains:



## CASE STUDIES



### **Sanjay Morzaria, HARROW PLAY TO YOUR STRENGTHS**

Childminder Sanjay Morzaria and his wife run a setting initially established in 2009. Over the past eight years the business has grown from a small childminding setting to employing several staff.

"Competition in the childcare sector is fierce and it is important to hone in on your unique selling point (USP). You can't just pluck a USP from the air – it takes time. We found a strengths, weaknesses, opportunities, threats (SWOT) analysis was the best way to really get under the skin of your business. All staff and close family were asked to feed into the SWOT analysis, to help get a balanced view."

"This helped us identify our USP, which is being a flexible, parent-friendly setting with a number of payment and service options for families that set us apart from the competition. We also wanted our setting to stand out – our model giraffe in the garden certainly gets people talking!"

"We use a SWOT analysis as a business planning tool, reviewing it year on year, alongside parent questionnaires. This helps us prioritise and ensures that our offering is the best it can be, and responds to parental feedback."



### **EMMA PATTERSON, YORK WORKING IN PARTNERSHIP**

"Working together with the local Early Years Partnership, we aim to meet demand for places within our network of childminders, pre-schools and nurseries. We do this by offering varying session lengths, wraparound care, full day care, flexible hours and working or shift patterns. Since the introduction of 30 hours funding in York, this partnership has enabled me to comfortably sustain my childminding business."



### **PAM HOLLAND, NOTTINGHAMSHIRE EXPAND BY EMPLOYING STAFF**

"With strict childminder ratios, I found myself not being able to offer spaces to siblings and, as a result, parents faced waiting lists. There was clearly a demand, so reviewing my business and how I wanted it to develop helped me make the decision to take on an apprentice. That person has since become my assistant. It is one of the best things I have done and would recommend it to anyone considering it."

➤ "You need to regularly review how the business is doing, refreshing plans, reviewing budgets and keeping close attention on profit and costs, and where you're spending your money.

"Can money be saved? What are your competitors doing? Is regulation changing? You have to be sensitive to change, rather than assuming a sustainable business is about continuing to do what's working at the time."

### **Professionalism**

Taking yourself seriously as a business is also about being regarded and respected as a professional. A professional

approach with parents, for example setting out policies and procedures around holidays, late payments, and early and late drop-off charges, can make a huge difference to how smoothly your business runs, says Sue.

"Some parents may push the boundaries, so it's really good to have those business skills and to be assertive as well," explains Sue. "It's about professional respect. Parents know they are leaving their child with someone who has good business sense as well as good childcare sense: a professional business owner as well as a childminder." CP

### **TOP FIVE BUSINESS MUST-dos**

- 1 Do your market research – create a niche for yourself that draws on your strengths**
- 2 Create a business plan to help you focus on what your business needs to be successful**
- 3 Understand and keep track of your income and expenditure**
- 4 Monitor how well the business is doing, and be prepared to change course if need be**
- 5 Think and feel like a business owner and be proud of your achievements running a successful small business.**