

Rebuild Your ECE Program for the New Normal

PART 1: BUSINESS PRACTICES



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Our Company

What We Do:

- Business Management Training Programs
- Business Consulting
- Technology Implementation
- Train-the-Trainer for Communities



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Part 1: Business Practices



Agenda

- What is the New Normal?
- Strategic Planning for the New Normal
- Market-Driven Decision Making
- Financial Forecasting
- Financial Management
- Financial Controls

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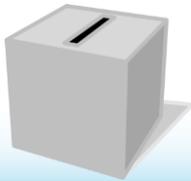
What is the *New Normal*?

- Director, staff & parent fear
- Extreme uncertainty
- Increased requirements for providers
- Teacher shortage
- Lower enrollment
- Long period of economic recovery
- Businesses will close permanently



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POLL QUESTION



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New Normal *Mindset*

- Not fear-driven
- Responsive
- Innovative
- Business acumen
- Financial awareness
- Effective use of technology
- Effective decision-making processes

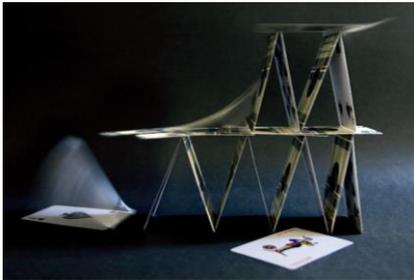


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Put on Your Business Hat!



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We as an industry do not have solid business practices, business models and business acumen

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Business Foundation

Key to COVID-19 Rebuilding Success

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The ECE Business Model

INTER-RELATED



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Sound Business Decisions



Driven by Fear



Follow a Process

Strategic planning process:

1. Establish a Goal
2. Gather information, research, discuss, plan
3. Understand the financial implications of each scenario
4. Make informed decisions, best way forward

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Get S.M.A.R.T.

Is it **S**pecific?

Objectives **M**easurable?

Includes specific **A**ctions?

Includes specific **R**esponsibilities?

Includes specific budgets?

Includes **T**imeline

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SMART Short-Term Goals
Specific, Measureable, Accountable, Realistic, Timeline

Goal #1	Action Plan	Who	Due Date	Cost	Completed
Goal #2	Action Plan	Who	Due Date	Cost	Completed
Goal #3	Action Plan	Who	Due Date	Cost	Completed



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SMART Short-Term Goals
Specific, Measureable, Accountable, Realistic, Timeline

Goal #1	Action Plan	Who	Due Date	Cost	Completed
Open a * Kinder Classroom *	1. Poll families to see if a need. 2. Speak w/ program leaders to develop plan. 3. Develop the plan. 4. Run proposals to see if breakdown. 5. EXECUTE THE PLAN ↓	Ann Raptor - Board - Council	Final due date 8/20/20	Need to discuss with parents & new staff + additional supplies	<input type="checkbox"/>
Goal #2	Action Plan	Who	Due Date	Cost	Completed
					<input type="checkbox"/>
Goal #3	Action Plan	Who	Due Date	Cost	Completed
					<input type="checkbox"/>



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The Official Maine Weather Forecasting Stone

100% Accuracy - Real Maine beach stone



Condition	Forecast
Stone is Dry	Not Raining
Stone is Wet	Rain
Swinging Stone	Windy
Shadow on Ground	Sunny
White on Top	Snowing
Can't See Stone	Foggy
Stone Gone	Hurricane
Stone Bouncing Up & Down	Earthquake
Stone Swinging Towards SW	Nor'easter

www.maineweatherstone.com

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Financial Forecasting Process

- Projected Tuition & Revenue
- Projected Expenses
- Payroll Cost Projection
- Can we break even?
- Can we make money?
- Adjustments?



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Monthly Cash Flow	Month	May	Jun	Jul
Beginning Cash		11,000	104,193	106,774
Loan: EIDL Advance				
Loan: EIDL				
Loan: PPP	120,000	120,000		
Grant: CARES ACT	11,550		11,550	
Payroll Projection Plan (Calculator)				
Owner Infusion				
Total Cash and Loans		131,000	115,743	106,774
Cash from Business Activity				
Tuition		42,120	42,120	42,120
Food Program		2,164	2,164	2,164
Discounts		(100)		
Programs				
Events				
Fall Registration				
Total Cash		175,184	160,027	151,058
Expenses				
Payroll				
Payroll Cost		47,511	31,674	31,674
Payroll Service Fee				
Payroll Taxes	0.12	5,701	3,801	3,801
Employee Benefits		172	172	172
Workman's Comp Insurance				
Payroll Other				
Total Payroll		53,384	35,646	35,646
Other Expenses				
Rent		6,000.00	6,000.00	6,000.00

Use EEBC short-term cash-flow analysis tool

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Money coming in - REVENUE



- Tuition
- Subsidy Payments
- CACFP reimbursements
- Loans
- Grants
- Donations
- Consider timing



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Forecast every child every classroom

Enrollment/Attendance	Capacity	May 04	May 11	May 18	May 25	Jun 01	Jun 08
% Capacity		55%	55%	55%	55%	55%	55%
Total	110	61	61	61	61	61	61
Toddler 1	10	7.5	7.5	7.5	7.5	7.5	7.5
Toddler 2	8	4	4	4	4	4	4
Toddler 2 1/7th	0	0.5	0.5	0.5	0.5	0.5	0.5
Preschool 1	8	5	5	5	5	5	5
Preschool 1 MWF	0	0.5	0.5	0.5	0.5	0.5	0.5
Preschool 2	10	5.5	5.5	5.5	5.5	5.5	5.5
Preschool 2 MWF	0	0.5	0.5	0.5	0.5	0.5	0.5
Prek	20	11	11	11	11	11	11
Kindergarten	18	4.5	4.5	4.5	4.5	4.5	4.5
First & Second	18	11.5	11.5	11.5	11.5	11.5	11.5
Third, Fourth, Fifth	18	10.5	10.5	10.5	10.5	10.5	10.5

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Forecast tuition on forecasted attendance

		\$ 28,426.00	\$ 28,426.00	\$ 28,426.00	\$ 28,426.00	\$ 28,426.00	\$ 28,426.00
Total		\$ 28,426.00	\$ 28,426.00	\$ 28,426.00	\$ 28,426.00	\$ 28,426.00	\$ 28,426.00
Toddler 1	5	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00	\$ 5,250.00
Toddler 2	5	\$ 2,720.00	\$ 2,720.00	\$ 2,720.00	\$ 2,720.00	\$ 2,720.00	\$ 2,720.00
Toddler 2 1/7th	2	\$ 152.00	\$ 152.00	\$ 152.00	\$ 152.00	\$ 152.00	\$ 152.00
Preschool 1	5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preschool 1 MWF	3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Preschool 2	5	\$ 3,520.00	\$ 3,520.00	\$ 3,520.00	\$ 3,520.00	\$ 3,520.00	\$ 3,520.00
Preschool 2 MWF	3	\$ 204.00	\$ 204.00	\$ 204.00	\$ 204.00	\$ 204.00	\$ 204.00
Prek	5	\$ 7,040.00	\$ 7,040.00	\$ 7,040.00	\$ 7,040.00	\$ 7,040.00	\$ 7,040.00
Kindergarten	5	\$ 1,620.00	\$ 1,620.00	\$ 1,620.00	\$ 1,620.00	\$ 1,620.00	\$ 1,620.00
First & Second	5	\$ 4,140.00	\$ 4,140.00	\$ 4,140.00	\$ 4,140.00	\$ 4,140.00	\$ 4,140.00
Third, Fourth, Fifth	5	\$ 3,780.00	\$ 3,780.00	\$ 3,780.00	\$ 3,780.00	\$ 3,780.00	\$ 3,780.00

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Money going out - Expenses

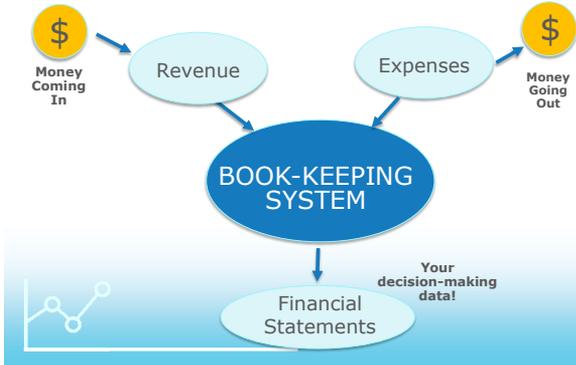
- Review all expenses
- Reduce if possible
- Timing
- Eliminate non-essentials
- Plan for increases
- Labor cost analysis



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Financial Management System



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Financial Statements



- Profit and Loss Statement
- Balance Sheet
- Cash Flow Projection
- Account Receivable
- Accounts Payable
- Payroll Reports
- Critical Metrics Report
- Budgets



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Best Practice KEY METRICS



- Revenue
- Accounts Receivables
- Enrollment
- Labor Costs
- Center Specific

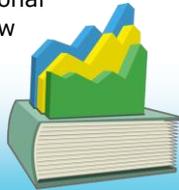


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Essential Internal Controls

- Strong Record Keeping
- **Junk In – Junk Out**
- Reconcile monthly bank statements
- Avoid co-mingling with personal
- Maintain an 8 week cash flow projection.
- Set up inventory control systems



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Essential Internal Controls

- Review all outgoing payments.
- Require vendors to submit detailed invoices.
- Sign checks yourself.
- Review payroll before it goes out. Delegate financial duties to multiple employees/professionals.
- Check up on employees involved with your business finances.
- Monitor your use of debt.
- Plan ahead for business financing.

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STAY on Course



- Set Goals
- Keep Reporting Simple
- Understand the Numbers
- Review for Trends
- Be Consistent - Weekly
- Adjust Quickly

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What to Automate

- Documentation
- Accounting
- Fees
- Parent Communication
- Student Management
- Employee Management



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How to Automate

- Determine your Need
- Eliminate time-consuming manual
- Evaluate Software
- Set a timeline
- Develop implementation plan



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Professionals

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Management Team

1. Accountant

- Taxes
- Maybe helpful with financial systems
- Need timely reports
- Options
 - Bookkeeper
 - Direct hire
 - Services



2. Banker

3. Insurance Broker

4. Corporate Attorney



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Shared Services



- Pooling Resources
- Improving Business Model
- Long-Term Sustainability

www.opportunities-exchange.org



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Business Support Services

For business planning, financial projections and access to capital:



- Search for help by using the SBA tool <https://www.sba.gov/local-assistance>
- America's SBDC Network www.americassbdc.org
- SCORE <https://www.score.org/>
- Women's Business Outreach Centers



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Additional Resources

Early Education Business Consultants
www.EarlyEducationBusiness.com
COVID-19 Business Resource Center

Strategic Planning Worksheet

Financial Forecasting Worksheet

Early Childhood Investigations
Financial Management Webinars