

2016



MANAGING A CHILDCARE BUSINESS  
PART 1 BUSINESS PLANNING

**KILDARE COUNTY CHILDCARE COMMITTEE**

## Part 1 *Business Planning*

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# 1. Developing a Business Plan

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*Almost all successful businesses have a business plan. A business plan is essential for the running of any venture no matter how big or small. It is not just THE basis of your applications for grants and private funding, but it will also act as a much-needed fixed point in the otherwise hectic world of running a business.*



The purpose of the business plan is to:

- Establish the feasibility of the idea
- Document the plan for the business
- Act as a measure for performance and progress
- Communicate your plans for the business to outsiders and investors

There is no requirement on length of the business plan, but it should be factual and clearly written and provide the relevant information required by lending organisations, but once you have written one, it's important to make sure that you use it to manage your business. If you just put it in a filing cabinet and forget about it then it won't help you to become successful. Business plans should be continually reviewed to check whether you are accomplishing what you set out to.

A business plan is a broad document and will cover all aspects of your business:

- Quality
- Current Demand for Childcare
- Future Demand for Childcare
- Costs
- Pricing Strategy
- Marketing & Sales
- Staff Management
- Needs Analysis

- Your Services

There is no fixed length for a business plan, but there are some fundamental elements that you should include to ensure you are covering and considering all elements of the business.



The contents of a business plan might include:

- **Overview of the Business**

Including basic information about the organisation, contact details etc.

- **Aims and Objectives of the Business**

It's essential to describe the services that you provide and any new services that you intend to develop including information about opening hours, the age range of children that you look after, the number of children you are registered for and information about your quality standards and expectations

- **Management and Reporting Structure**

This section should be about the type of company that you are (e.g. sole trader, private limited company, company limited by guarantee, voluntary management committee run group), who is involved in the management of the organisation, what their roles and skills are etc. If you are thinking about changing your legal status, you ought to include information about that. If you have a constitution or governing document and an organisational chart, you may wish to include that.

- **Operational Information about the Business**

Including details about your premises, policies and procedures and processes for administration such as late payment etc.

- **Needs Analysis and Marketing**

This section will include information about your surrounding area and who your customers and competitors are. You could also include any information about links to partner organisations such as schools. Any market research that you have done should be summarised with the main breakdown included in this section. Your marketing strategy plan and ideas should also be included here.

- **Staff Information**

Including details of staff employed or to be employed, their hours, rates of pay, qualifications and specific roles and responsibilities.

- **Financial Management**

Include your annual budget and cash flow forecast in this section as well including notes on the assumptions behind forecasts of income and expenditure and projections that have helped you to reach your figures, such as your likely occupancy levels and staff requirements. You may also want to include information about your break-even point and pricing structure and strategy here.

- **Quality**

Details of any quality awards held and information about your recent Tusla Child and Family Early Years Services inspections should be included along with any plans for improvement and development.

- **Action Plan**

You may wish to include an overall action plan for business development, particularly if you decide that there are lots of changes that you want to make and / or things that you want to develop. It can be useful to carry out a “SWOT” analysis in your early business planning process, as this could help you to identify particular areas for required action and development.

The important thing is to not to forget that once you have written your plan, you need to use it to manage your business. It is something you should revisit on a regular basis. The business plan acts as a guide, so take it out of that filing cabinet to review it at least twice a year. Reviewing the business plan helps you to evaluate whether or not you accomplished the business goals. If you did, it allows you to repeat your successes. If you did to meet your business goals, it allows you to make adjustments so you can meet future goals.

*There is no fixed presentation for a business plan. For an example of a possible layout, please look at [Step 12 – Business Plan](#) on our [Setting up a Childcare Service](#) webpage.*

## 2. SWOT Analysis for Childcare

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A SWOT analysis is a simple tool to help you to determine your service's strengths, weaknesses, opportunities and threats. This involves examining the present strengths and weaknesses of the venture as well as the potential opportunities and threats to such a business.



A SWOT analysis allows you to look at the strengths and weaknesses of your business so that you can plan to make the most of your strengths and address any weaknesses. It also helps you to think longer term about what opportunities may arise for your business and what threats may be damage your business.

A proper SWOT analysis of a childcare service requires an examination from the perspective of potential customers. You might find that having a few colleagues, or even customers, do the SWOT analysis with you is helpful and gives you valuable different perspectives on your business.

### **Strengths**

Childcare business owners should identify strengths, which might include a recognisable name brand, an extremely well-qualified staff, an above-average physical facility and solid finances characterised in part by a competitive schedule of fees.

### **Weaknesses**

A childcare business may have weaknesses relative to competitors, such as a relatively small physical facility, previous financial or legal issues, and lack of experience. Other important and costly requirements can be recruitment and training of qualified and trustworthy employees.

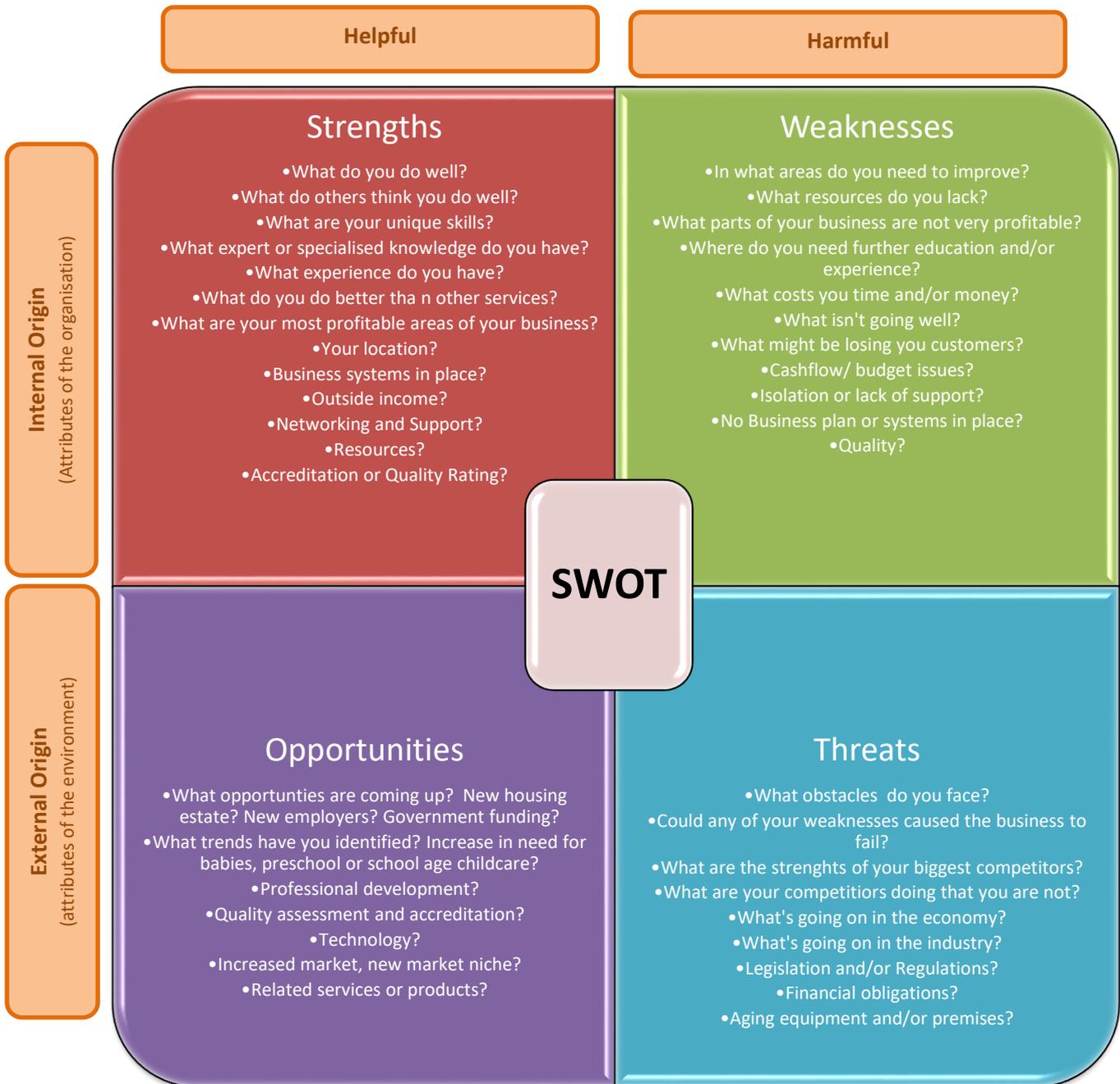


## **Opportunities**

The childcare business owner should take a close look at trends in the market and review key items to determine areas of opportunity. Possibilities include an expanding potential customer base due to an influx of younger residents in the area, a strengthening economy, or a location convenient for commuting workers.

## **Threats**

Threats may include the lack of financial backing; the popularity of many established competitors; or the possibility of other new childcare businesses within the same locality.



# 3. Risk Management

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All childcare providers undertake risk assessments as part of their health and safety compliance, but many providers don't think more essentially about "business risks".

Risk management helps you to recognise and address the risks facing your business and in doing so increase the probability of successfully realising your businesses goals.

All businesses should be aware of probable risks to the business and should carry out a periodic review of these risks and have action plans in place to either reduce the risk or deal with the consequences. It is wise to review your business risk management plans at least once a year.

Risk management practice can generally involve grouping and assessing risks under the following headings:

- **Strategic**
  - Strategic risks arise from being within the childcare sector and geographical area.
- **Operational**
  - Operational risks arise from the various operational and administrative procedures that the business uses to implement its strategy.
- **Financial**
  - Financial risks arise from the financial structure of the business, from transactions with third parties and from the financial systems in place.
- **Compliance** (including health and safety)
  - Compliance risks derive from the necessity to ensure compliance with: Childcare Regulations, Fire and Safety, Health and Safety and financial compliance with Revenue.
- **Environmental**



- Environmental risks can be relatively routine and covered under compliance. Small changes to the environmental management of a setting can result in considerable financial savings.

### How do we deal with risks?



You can choose the way of doing this type of risk analysis that suits your provision best and makes sense for your size and type of provider. The risk management process does not need to be complicated or too time consuming – you can follow the simple approach of listing every risk you may experience and show the action that will minimize or eliminate the risk.

The important thing is to keep on top of your business risks to avoid unexpected and unpleasant surprises and allow you to address problems as they arise.

Consider the following simple example risk management plan.

Risk	Action
Current premises may not be available beyond next March	Current premises may not be available beyond next March. Look at possible alternative premises.
Building could be unavailable due to fire, flood, lack of facilities e.g., water / heating	Arrangements to be agreed with a nearby partner organisation, school or similar to establish the availability of temporary facilities, should the need arise. A system for cascading information to staff / parents to be worked out, agreed and communicated to staff.
Parents may not be able to afford fees	All staff to be able to give basic messages on tax credits and how to signpost to specialist advisers, a debt management policy to be in place and clearly communicated to parents and staff
IT systems could fail	Ensure all information is regularly saved and “backed up”, investigate a support contract with local supplier
Staff not available	Emergency staffing plan to be prepared covering transport disruption, adverse weather, epidemics etc. and clearly communicated to all staff and parents
Temporary fall in occupancy due to seasonality, flu epidemics or similar	Ensure cash reserves are sufficient to ride out the blip - try and cut any unnecessary costs in the meantime
Permanent fall in occupancy e.g., closure of a large nearby work-place	Re-evaluate market – is it possible to continue to provide services in the location? Can marketing activity be expanded to quickly bring in replacement customers?

## 4. Premises

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If you operate services from your own residential dwelling, then you are responsible for all aspects of the premises. But, in other businesses at other settings including where there are a number of employees and possibly Board or Management Committee members, the responsibilities for premises may not be so clear. It can be particularly uncertain if the premises are part of a school or a community building.



Whatever your role in the organisation, you need to be clear on the following:



- Who owns the premises?
- Does the business lease or rent the property?
- Are there any sub tenants that you have a responsibility for?
- Who is responsible for insurance and what is insured?
- Where are key documents about the building kept (e.g. lease, insurance, emergency plan)?
- Where are keys kept / who are key holders?
- Who are the fire officer(s), first aiders?
- Is necessary equipment in place and tested regularly? E.g. fire extinguishers, fire blankets, smoke alarms / fire alarm, intruder alarm, emergency lighting, first aid kits, accident book?
- Has a fire risk assessment been done?
- Are fire drills carried out and are escape routes clearly marked?
- Who is responsible for any issues with security, damage / vandalism, cleaning / spills, breakages, water ingress, problems with water / electric / gas supply, equipment / fittings including PAT testing, faults e.g. fridge not at correct temperature, toilets blocked, and central heating faulty or not working.

Over the years, premises can become inadequate for a number of reasons:

- Inadequate space to expand numbers, inside or outside
- Not enough rooms for small groups, staff meetings, parents' meetings

- Premises are costly to uphold and / or running costs such as utilities are not affordable
- The location is wrong, or difficult to find, or with inadequate parking
- The premises look worn-out compared to those of competitors
- There is insufficient space in kitchen areas and for storage
- The floor plan does not work well.

If you are noticing problems like these, then it is likely that staff and parents are as well.

You need to consider:

- Are you locked into the present premises through a long lease?
- Would it be cost effective and accomplish a good result to upgrade / renovate the current premises?
- Is the current location, the right one for the business?



If you feel that the responses to the above questions are “No”, then alternate premises may be the answer. In this case, you need to consider:

- Are you limited to having premises in a certain geographic area?
  - Would you consider sharing premises?
- Is there someone who can help e.g. a Board or Management Committee member with property skills?

## 5. Policies and Procedures

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Providing a childcare service involves the service provider in a whole series of quality related matters in terms of good practice and compliance with legislation. One of these areas, which will unify and support practice in all other areas, is the development and implementation of Policies and Procedures which provide the best fit for the service provided.

### Records also need to be kept for compliance with:

- Company Law
- Employment Law
- Health and Safety Legislation
- Charities Regulatory Authority (if required)

To develop effective and usable policies and procedures, we must first understand the terminology involved and the importance of having policies and procedures to guide our services.



### A Policy

*“A guiding principle, a rule, strategy, a plan of action adopted or pursued by an individual, government, party, business, etc. “*

A policy is a collective, agreed statement of beliefs by an organisation or individual on a topic related to the childcare service provided and a commitment to their implementation.

## **A Procedure**

*“A process, system, method, a way of acting or progressing in a course of action, especially an established method.”*

A procedure is the practice by which a policy is implemented in the childcare service – the way of doing things. It provides detail on the actions to be taken to ensure realisation of the policy in a sequential implementation process.

## **Practice**

*“To carry out, operation, follow, observe, a habitual or usual customary action or performance.”*

Practice is the actual and customary application of a policy as outlined in the policy and procedure.

## **Why do we have Policies and Procedures?**

- The objective of any childcare service should be the provision of the best possible care for the children, parents and staff of your service, while guaranteeing that they are exposed to a positive experience in a safe and caring environment.
- Policies and procedures support the foundation of quality practice. They help to guide the actions of everyone involved in the service and guide the daily work and decision making of childcare professionals to promote the best outcomes for all stakeholders in the service, including children, families and themselves.
- Providing the policy and procedure in written format will provide your service with clear explanations of the practices that need to be implemented consistently by everyone at the childcare service every day. They will provide the road map for your service in everyday practice and will outline not only what should happen, but how and why it should happen.
- The clarity and understanding that policies and procedures provide promotes teamwork.

- Policies and procedures provide a record of accountability to support protection of children, families, staff and management, in addition to allowing for clear communication about what is expected.
- Policies and procedures support development of confident and professional practice. For example, if a service sends a child home with a suspected case of gastroenteritis, the staff at the service can feel confidence in their actions, knowing they have a clearly written Illness Exclusion Policy to support their decision.

### **Using our Policies and Procedures Effectively**

Policy and procedures need to reflect the service mission, values and principles and should also be based on what the service can, and intends to, deliver in reality.

Policies and procedures should be based on recommendations from recognised authorities and frameworks. Recognised authorities have the expertise to research theories, and to test and validate best practice. By using current recommendations, services ensure that their policies and procedures reflect the most reliable and up to date information. While it is acknowledged that every service is unique and policies should reflect the individual needs of their children, families and staff, it is vitally as important that the policies reflect the current health, safety and well-being of children. These needs should not be compromised to meet individual participant needs.

Everyone who is involved in the childcare service should be involved in the development of the policies and procedures. This includes the children, parents, staff, managers, directors, co-ordinators, management committees, community members, students and childcare and health professionals.

Once developed and written, policies and procedures must be communicated and put into practice, otherwise they remain ineffective and a waste of time and energy that was used to develop them.

While most services have policies and procedures that are developed with recognised recommendations and best practice in mind, some childcare services experience difficulties in translating the policies and procedures into their everyday practice. The service policies

and procedures can become lost in the actual day to day operations of the childcare service for a number of reasons, such as:

A high turnover of staff and carers interferes with their understanding and implementation of the service's policies.

- Lack of professional development.
- Rushed or, in some cases, no induction processes, particularly when services use casual or volunteer staff.
- Overly detailed or inflexible policies that are not practical for daily application.
- Complacency about reviewing policies and keeping up to date with current practice. This can lead child care professionals to assume that inappropriate practices are correct. This can be exacerbated when services do not facilitate professional development opportunities for child care professionals.
- Having a high level of inexperienced child care professionals who may not have the expertise or knowledge to identify when poor practice occurs or the confidence or ability to mentor colleagues.

### **Overcoming Barriers to Effective Use and Practice**

These challenges can be overcome when child care professionals develop approaches to regularly reflect on best practice. Siolta, the National Quality Framework for Early Childhood Care and Education, Standard 10: Organisation, identifies that “organising and managing resources effectively requires an agreed philosophy, supported by clearly communicated policies and procedures to guide and determine practice”.

### **Design and Development of Policies and Procedures**

- Ensure that policy guidelines are simple and able to be genuinely implemented in daily practice. Avoid unnecessary, complex or unworkable procedures.
- Match the information in policies to what the service already does or would like to do, but in combination with relevant recommendations.
- Consider the abilities and strengths of staff and what the policy practice may look like in everyday situations.
- Make the information in policies clear, practical and easy to read.

- Involve families in policy development and review. This is also helpful where policies need to be translated into community languages.
- Explain to child care staff why policies are a vital aspect of quality practice and clearly describe how policy and everyday practice should interconnect.
- Test and review the policy and related practices to make sure they are feasible and meet the service's needs.

### **Increasing Accessibility**

- Ensuring that the service's policies are physically accessible to child care staff is important because policy and procedure specifics can be forgotten over time.
- Having policies and procedures easily available to read regularly encourages child care staff to think about their daily work practices and about why they implement these.
- Policies and procedures can be displayed on noticeboards or filed in a policy manual which is located in the children's care rooms and areas, service's office and foyer, and staff room.
- Policies and procedures can also be displayed in areas where particular practices generally occur. For example, hand washing procedures should be displayed in bathrooms and/or near nappy change areas.
- Having policies available to give and on display to families also helps them to understand what happens in the service and why.

### **Communicating**

- Casual staff and volunteers need a complete orientation to relevant service policies before they begin working with children. It is beneficial to have a summary or list of essential policies and practices that casual staff or volunteers need to know.



- The service's policies and procedures may also be communicated through flow charts or pictures displayed in main areas such as bathrooms, sleep areas or kitchens.
- When orienting casual staff and volunteers it is important to show them where the service's policies are located and to initially team them with an experienced staff member who can mentor them.
- Encourage casual staff and volunteers to ask questions about any aspect of the service's policies and procedures that they are unsure of or don't understand.

### Monitoring Understanding

- Encourage child care professionals to read policies and discuss whether the service's current practices meet with recommendations. Where necessary, identify how they can be improved.
- Have policy dialogues as a regular agenda item at staff meetings so that the whole team can raise concerns and be involved in policy review. This may be done as a practical exercise. For example, one team member may perform a practice such as hand washing while another reads the procedure out loud. This can build an understanding of the link between what is written and practical implementation. It can also identify where inconsistencies exist between the policy and actual practice.
- Identify a 'champion' of policy who is enthusiastic about a practice or has the skills and knowledge to mentor peers. This may include providing them with training so that they can share their knowledge with others.
- Invite professionals such as paediatricians and maternity nurses to the service to demonstrate and inform child care professionals about best practice.
- Encourage child care professionals to monitor each other's practice, ask questions and seek clarification.

- Team new or inexperienced staff with experienced and skilled child care professionals who can monitor their understanding of policy and practice and role model appropriate practice.
- Plan professional development opportunities for child care professionals to learn about current best practice and to share the information with their colleagues.
- Provide professional resources about recommended practice in common areas such as staff rooms.

## Reviewing

- Effective policies and procedures are regularly monitored, reviewed and updated. Updates are generally required in response to new legislation or regulation, a request from a parent, child or staff member, a previous omission, an unforeseen incident, or a change in the organisational structure of the setting. (Moloney, 2006)
- Develop a plan to review each policy.
- There are no set time frames for how often policies should be reviewed; however they should be reviewed regularly to ensure they are effective and up-to-date.
- Services may find it useful to develop a schedule for when policies will be reviewed. You may find that some policies and procedures need to be reviewed more regularly than others, due to changes in legislation or



practice.

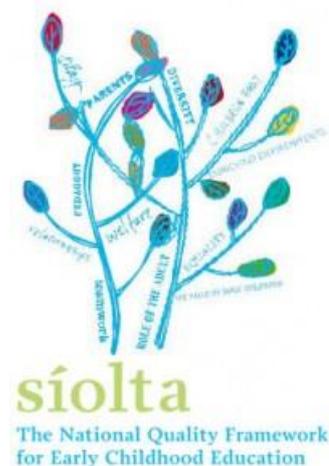
- Other policies may not change at all or very little over time, but it is necessary to at least take the time to review all of your policies to see if changes may be required.
- When reviewing policies you may like to consider the following points:
- What are the current trends, beliefs and information from within the sector? Will any of these trends impact on the practices within your service?

- Have there been any recent changes to legislation and/or regulation? If so, are these changes covered in your current policies?
- How effective is the current practice of your service? Is there anything you could or should improve?
- Review records and notes from previous meetings, parent feedback forms and incident/accident forms. Are there any issues or ideas from these that require you to make changes to current practice?

Childcare services need to ensure that their policies and procedures are practical and effective in everyday settings. Policies and procedures should be ‘living’ documents that must be regularly reviewed to ensure that they meet all the needs of those working in the service, and take into account the possible changes that have happened in the service and within the wider community. The Policies & Procedures written for your service should be a working reference with the documents well-thumbed and constantly in use.

**In summary, to achieve the most effective results and use of your service policies and procedures you must ensure that they are:**

- Familiar to all adults within the setting
- Used as the basis for routines and everyday practice
- Reviewed regularly to ensure relevance to practice



Translating policy into practice is sometimes challenging. As outlined in the Siolta, Research Digest, Standard 10: Organisation, “The translation of policies and procedures into practice is highly dependent on effective organisation within a setting. Clearly documented, well developed and functioning management structures and operating processes should provide the backbone of this organisation. Good management and support mechanisms ensure that policies are actively implemented and yield results which enhance the overall quality of the setting. These mechanisms include relevant stakeholder input, the efficient and effective management of financial resources, support and encouragement of all adults working within the setting, a strong ethos of teamwork, accurate administration records, and opportunities for continuing professional development”.

## Recommended Policies and Procedures

### Services

- Mission Statement
- Aims and Objectives of the Service
- Children's Charter
- Background/History of Service
- Range of Childcare Services
- Staff Ratios
- ECCE Free Pre-school Places
- Community Childcare Subvention Scheme (CCS)
- TEC
- Aistear
- Siolta
- National Pre-school Standards
- Pre-school Childcare Regulations
- Admissions
- Fee Policy
- Fee Payments
- Settling In
- Arrivals and Departures

### Administration

- Management Committee / Board of Management
- Management Structure
  - Roles and Responsibilities – Management and Staff
- Communication Systems
- Confidentiality
- Record Keeping
  - Child & Family Records
  - Personal & Operational Details
- Insurance
- Data Protection
- Freedom of Information
- Insurance
- Financial Guidelines
- Fundraising

### Partnership

- Parents Handbook
- Parental Involvement
- Communication Systems
- Sharing Information with Staff, Parents and other Services
- Compliments and Complaints
- Anti-Bias Approach

- Community Engagement
- Engagement with Statutory or Voluntary Organisations
- Engagement with Health Professionals
- Confidentiality

### **Early Childhood Care and Education**

- Child Development
- Curriculum/Programme
- Daily Routine
- Supporting Interactions
- Supporting Transitions
- Key Worker System
- Promoting Positive Behaviour
- Assessment and Planning
- Environments
- Multimedia
- Equality and Diversity
- Special Requirements
- Outings
- Supervision of Children
- Outdoor Play
- Risky Play
- Care of Animals

### **Health and Welfare**

- Child Protection
- Anti-Bullying
- Food and Nutrition
- Illness and Exclusion
- Medications
- Immunisations
- Sun Protection

### **Health and Safety**

- Fire Safety
- First Aid
- Accidents/Incidents
- Infection Control
- Hygiene
- Food
- Hand Washing
- Cleaning

- Basic Care Needs
- Safe Rest and Sleep
- Food and Nutrition
- Infant Feeding
- Nappy Changing and Toileting
- Facilities Security

- Use of ICT
- Spillages and Hazards
- Equipment Maintenance
- Building Maintenance
- Hazard Analysis
- Emergency Closure
- Critical Incident Plan

### **Human Resources**

- Recruitment and Selection
- Qualifications
- Garda Vetting and References
- Roles and Responsibilities
- Employment Contract
- Wages
- Equal Opportunities
- Induction
- Volunteers/Students
- Staff Absences
- Time Keeping
- Working Hours and Breaks
- Staff Handbook
- Staff Support and Supervision
- Performance Appraisal
- Training and Development
- Code of Behaviour
- Respect and Dignity at Work
- Stress in the Workplace
- Discipline Procedures
- Grievance Procedures
- Bullying and Sexual Harassment
- Jury Service
- Trade Union Membership
- Travel and Subsistence
- Leave

- Sick Leave
  - Annual Leave
  - Maternity Leave
  - Adoptive Leave
  - Compassionate Leave
  - Force Majeure Leave
  - Parental Leave
  - Career Breaks
  - Public Holidays
- Medical Appointments
  - Smoke Free Workplace
  - Misuse of Substance
  - Cleaning Responsibilities
  - Record Keeping Responsibilities
- Staff Communication
  - Conflict of Interest
  - Dress Code, Appearance
  - ICT Usage
  - Health and Safety at Work
  - Employees Property
  - Employers Property
  - Use of Company Vehicles for Work
- Termination of Employment
  - Redundancy
  - Resignation
  - Retirement

### **References and Further Reading**

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