



BUSINESS TRAINING AND AUTOMATION for Early Childhood Programs

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This issue brief will describe a **different approach to business training and coaching**, one that links business training and child care management software.

A growing number of state and private sector investors have recognized the need to support business training for early care and education program leaders. In most cases, the response is to offer general business training or require some sort of administrative credential. But experience has underscored that generic, broad-brush training in business administration is rarely effective because it does not address the issues that most challenge ECE program operators or build the skills needed for lasting change. We need a new approach to business training that is fully integrated with the technology tools that can actually reduce providers' administrative burden. This training should also incorporate [what we know works](#), including training that is:

- Specific, hands-on and focused on ECE program needs;
- Delivered in small, concrete steps;
- Augmented by individualized coaching that focuses on implementation for that site; and,
- Linked to helping ECE managers purchase, populate, and use automated Child Care Management Software (CCMS) to support daily operations, billing and record-keeping.

Most early care and education (ECE) programs in the US operate as small businesses. Regardless of whether they are structured as non-profits or as tax-paying entities, child care programs rely primarily on tuition revenue paid by families, government, or both. Without careful attention to business operations—at a minimum tracking the [Iron Triangle](#) of ECE Finance (enrollment, fee collection and per-child cost)—a child care center or home risks not only erosion in the quality of its services but outright failure. Even directors with top-quality programs may fail to see the warning signs of a business in trouble before it is too late.

Running a successful ECE businesses is not simple—especially for providers that serve low-income children and tap multiple funding streams. These providers must manage complex invoicing for multiple third-party funders that, for example, may include a weekly invoice for one and a monthly invoice for another, or a part-day invoice for one (e.g. Head Start or public PreK) paired with a second invoice for another (e.g. CCDF subsidy). Each invoice needs to be generated to meet specifications of the funder and remuneration needs to be uniquely tracked to ensure that full payment has been received. In addition to complex billing, all ECE businesses must manage, track and report data that demonstrates compliance with government regulation of the facility, staff and program activities. Centers and homes that participate in Head Start or Early Head Start must share data to demonstrate compliance with performance standards. Programs that participate in Quality Rating and



What is CCMS?

Child Care Management Software is specifically designed to help child care providers automate their day-to-day operations so that staff have more time to spend with children. While software products vary, most provide digital tools for such tasks as: enrollment, daily attendance, billing, waitlist management, hourly ratio reports, daily activities in classrooms, communication tools for families and more. CCMS typically include modules for child data (e.g. immunizations, allergies, assessments), family data, employee data (including HR and PD) and often have programmed alerts when reports or updates are needed. Some CCMS also provide tools to help providers proactively manage their businesses, including billing, tracking expenses and creating Profit and Loss statements; others link to accounting systems like QuickBooks. Some popular brand names are ProCare, Smart Care, EZCare, BrightWheel. Some, such as Alliance CORE, are specifically designed to link with state data systems.

Improvement Systems, or other unique quality improvement efforts, must stay on top of even more detailed reporting requirements.

In short, what providers need most is support and tools that will help streamline duplicative tasks and alleviate their administrative burden—not just teach them how to navigate competing and often impractical demands.

This issue brief will describe a different approach to business training and coaching, one that links business training and CCMS software, includes steps to deepen understanding, participation and use of administrative tools and principles, and is focused on measurable business outcomes. In this approach, the automation support entity (which is typically also responsible for business training and/or Technical Assistance (T/TA), forms a unique partnership with center or home-based providers, a partnership aimed at helping to structure the work as well as capture and utilize data to make business decisions that improve the financial well-being of their program. Just as pedagogical coaching is often aimed at improving ERS or CLASS scores, the goal of business coaching is to improve business metrics that matter most for the sustainability of the ECE program. A host of national leaders in early care and education quality improvement have focused on strategies that use data to continuously improve practice and inform professional development. This approach has relevance for business leadership as well.



Selecting the right entity to provide business T/TA and lead automation is crucial. It is difficult to find professionals with the right mix of experience, knowledge and skills to guide ECE providers to become business managers. The ideal entity to lead this task is an organization whose staff have both ECE and business experience and are able to offer a range of ECE business supports over time. This leadership organization

should have the following characteristics:

- **A trusted partner**—typically a local or regional organization, with some experience in the community and the ability to build solid relationships with ECE service providers.
- **Experience with CCMS**—prior knowledge of, and experience with, automated Child Care Management Systems. While technology is essential, just giving child care center or home operators computers and software is not likely to produce results. Providers need help up-loading data on children, families and staff onto the new system; setting up billing procedures; establishing procedures and discipline regarding late and/or non-payment of tuition; learning how to use automation to streamline daily tasks; generating reports from the system and understanding how to use those reports to guide their businesses.
- **Data-Driven**—focused on helping participating ECE business not only learn business principles and use technology but also able to generate reports that can help them track trends, understand business performance, and make necessary changes.
- **Process-skilled**—ability to be ‘kind but firm’ when delivering training and supporting automation, which typically requires a series of iterative written agreements with participating centers and homes, aimed at ensuring commitment to not only participate in business training but also install software and actually use it to guide management decisions.
- **Innovative**—willing and able to lead change management, focused on new business practices, metrics and automation to track and analyze trends. Change is hard, and often requires strategic thinking, reflection and persistence.

Equally important is selecting child care center and home-based provider owners and



operators to participate in the project. Successful participants have the following characteristics:

- Willing to invest time in learning new approaches to business management and implementing technology solutions;
- Willing to share data needed to track progress; and,
- Willing to make changes in staffing and financial resources as new systems are learned and implementation begins.

In all likelihood, many center or home operators might express interest in the project to obtain free or low-cost hardware and software. The key is to select participants that are willing to actually use the tools and resources to make operational changes going forward.

POTENTIAL STATE ROLE: Several states (often in partnership with philanthropy) have helped to spearhead this process by issuing a Request for Qualifications (RFQ) or Request for Proposals (RFP) seeking entities prepared to provide both business training and automation support. In some cases, grantees are a single organization; in others funding is awarded to a partnership of two or more organizations that collectively respond.

A growing number of public and private-sector leaders are exploring business training and automation as part of a larger [Shared Services](#) approach that includes creation of a shared back office to support a range of administrative functions on behalf of a network of center- and home-based providers. Many options are possible, including:

1. Release an RFQ, that essentially asks potential applicants to respond to a series of questions and participate in an interview; select a grantee for start-up funding based on this process and work in partnership with them to craft a business plan and build an implementation budget. The Virginia Early Childhood Foundation took this approach.
2. Craft a two-part RFP process that a) funds entities to prepare a business plan for launching and sustaining a network of center- and home-based providers that receive on-going business leadership and automation support; and then b) provides time-limited start-up funds to selected bidders. The District of Columbia took this approach.
3. Skip the planning phase and release an RFP to fund start-up of a provider network, or shared back office, focused business leadership. Assume that a business planning process is part of the bidders' proposal preparation and offer targeted technical assistance on ECE business leadership throughout the first year. Connecticut took this approach.

Alternatively, the state could select a single, statewide or regional entity to lead the work and empower them to select local entities to provide business training and automation support. This is the approach taken by Vermont and, with some modifications, Texas. (TX empowered local workforce boards to support a range of Shared Service activities, including automation support.)

4. Some states may have already funded an entity to provide ECE business training prior to considering potential links to CCMS. In these cases, helpful next steps might include: requesting that the selected entity conduct a survey to determine how many of the ECE businesses they work with currently use CCMS and which products they use; engaging the selected entity in deeper training on automated systems and how these tools can support business training; adding a workshop or two on CCMS to a statewide or regional ECE business conference.

For more information on the strategies noted above, as well as copies of sample RFPs and other resources, go to [OppEx Resources](#).



There are many off-the-shelf automated child care management software systems that can be used to support center operations. To achieve efficiencies in training providers on the software, all providers should be using the same CCMS. Additionally, best practice is for the entity providing automation support to purchase an “enterprise” version of the software (which allows each site access to their own data, but also enables the support organization to view and aggregate data from all participating sites). Selecting the CCMS product most appropriate for participating centers and the leadership organization is crucial.

A helpful first step is to survey the child care centers that have been invited to participate, to learn more about the software products they currently use or have used in the past, and to obtain baseline information about current knowledge and use of technology in general. In many cases providers have purchased software but have never ‘opened the box’ or are just using a few of the many possible modules. And some might actually be using software that they find helpful. In short, the more you know about participating centers prior to launch, the better able you will be to work with them to identify early wins and to address challenges down the road.

Unfortunately, most off-the-shelf automated CCMS were designed for center-based care and do not effectively meet the needs of smaller, home-based family child care businesses. OppEx is actively working on a solution to this problem. Currently, some home-based providers are using products like KidKare or BrightWheel, and others—especially those engaged in Early Head Start-Child Care Partnerships—have found Alliance CORE effective.

Another helpful set of questions relate to capacity to link technology to public systems. Does your state have a list of ‘approved’ CCMS software? Do you have any open Application Programming Interfaces (APIs) that enable data to be pulled directly from a provider-based CCMS? What other information might be helpful to know as you consider electronic documentation for ECE reporting and billing?

OppEx has published several resources aimed at helping state policymakers as well as ECE leaders and practitioners [evaluate various software solutions](#) and craft plans for [implementation](#) and launch. We will continue to develop and share resources to deepen knowledge and share lessons learned. Keep checking the Business Leadership tab at [Shared Services Central](#).

POTENTIAL STATE ROLE: To ensure that investment in technology has a lasting impact, state-level staff need to be engaged in the process from day one, to ensure that all staff who work with child care centers and homes understand the goal and are on-board. Well-meaning projects can be quickly derailed when an uninformed monitoring staff person informs a provider that electronic data is ‘not allowed’ or insists that paper-based records must be maintained in tandem in order to ensure compliance with government rule.

Best practice is to enable child care providers to submit any required accountability data, as well as invoices for services provided to low-income children, directly from their CCMS. To this end, we recommend that state-level staff be engaged in the process of evaluating potential software products, which not only helps strengthen understanding of provider automation needs but can also build buy-in for automated links to provider data.

The State may elect to play a more direct role in selecting preferred software (Vermont and Connecticut took this approach) or encourage selected automation support entities to identify the software most appropriate for their region (Virginia and Texas took this approach). Either way, State engagement during the process of selecting, on-boarding and implementing provider-based automated systems can help pave the way for game changing best practice over time.

What is an API?

An Application Programming Interface (API) essentially acts as a door or window into a software program, allowing other programs to interact with it without the need for a developer to share its entire code. APIs are routinely used by millions of people across the US every day; they allow us to bank on-line, buy gas using our credit card, download music or get credit for a virtual distance learning course. Bringing API functionality to child care businesses—linked to the Child Care Management Software they use on a daily basis—could help streamline a host of time-consuming activities for providers, families and state agencies.



Ensuring that the roles and responsibilities of participating centers/ homes, as well as the automation support entity, are clearly spelled out—from the outset—is very important. To this end, one or more written agreements should be negotiated with participating centers, addressing, at a minimum, the following issues:

- **Fees** CCMS software typically requires an annual

per-child fee. Automation support projects often offer the first year free, in order to encourage participation. However, if providers are expected to pay these fees after the first year, this policy needs to be clearly spelled out and potential future costs estimated and explained. Experience suggests that some sort of ‘quid pro quo’ is important, even at the outset. For example, participating providers might be required to share a small portion of the cost from day one.

- **Support** Participating providers need to understand what assistance and leadership will be provided by the automation support entity and how long they can expect to receive this support.
- **Accountability** Participating providers need to fully understand what is expected of them in order to successfully participate. Must they designate staff, or carve out time, to meet with the automation support entity at regular intervals? Must they share data? And if so, how, when and in what format should these data be provided?

OppEx has [sample agreements](#) that were negotiated by Shared Service Alliances with the participating centers and homes that participate in their network. These might be a helpful resource.

POTENTIAL STATE ROLE: While the state will not have a direct role in crafting or negotiating agreements between the automation support entity and participating centers or homes, state policy will likely frame the terms. Thus, it is essential that government rules, contracts, policies and procedures regarding regulation and subsidy payment be revised to permit practices such as: electronic record-keeping, reporting and documentation, electronic signatures (unique identifiers), third party billing and more.



Once center and home providers are clear about roles, responsibilities and expectations and have identified site-based staff to work with the automation support entity, the on-boarding process can begin. Crafting a support structure and timeline that ensures participating providers are able to effectively launch and use the software is essential. Some options include:

1. Negotiate an agreement for the selected CCMS software company to provide on-boarding assistance. If you select this option, it is important to ensure that the software company identifies a point person (a telephone hot-line or on-line virtual support is rarely enough) and that there is also a point person at the automation support agency. Vermont used this option when they purchased Smart Care for a network of providers.
2. The automation support entity hires a “roving admin” to help with on-boarding. This approach has been successful in Texas, where a project co-led by 501Ops and the Child Care Group has helped numerous child care centers adopt automated child care management systems.
3. A combination of the two—with support from both the software company and the automation support entity.

Regardless of which support option is selected, each participating center will need to designate a staff person who will be responsible for working with the tech company or roving admin on the set-up—and ensure that they are paid for this task. If you want the job done properly and on-time, it is not likely to succeed if the provider liaison is a volunteer or doing the work at night or on weekends.

Family child care home providers will most likely assume responsibility for technology



Gathering baseline data at the beginning of the project—even when most participating providers are not yet fully automated or tracking metrics—is crucial.

themselves, along with serving as the teacher, administrator, family worker—all jobs rolled into one! Thus, automation support entities that work with home-based providers will need to offer assistance when children are not present (nights and weekends). Given the challenges of adding one more job to an already over-worked home-based provider, another option is to partner with a Staffed Family Child Care Network that also offers business support that, while still necessitating the use of software, reduces overall administrative burdens for providers.¹ The Nebraska Early Education Consortium is currently testing this option, among others.

It is important to underscore that initial on-boarding is a timely process and can be a significant barrier to success unless the automation support entity is working closely with centers and homes to make sure the job gets done and all systems are operating smoothly. Additionally, ensuring that the automation support entity plays a key role in the on-boarding process can serve a dual role: during this process staff can gather the baseline data that is so crucial to measuring success. All-too-often projects that succeed in stabilizing ECE finances cannot evaluate their success because they do not have any baseline data for comparison purposes. Gathering these data can be part of the on-boarding process and create a pathway for future research and evaluation.

POTENTIAL STATE ROLE: Agencies that provide automation support, as well as participating centers and homes, will need start-up funding to off-set the cost of purchasing necessary hardware and software as well as staff time to enter all necessary data and get the system up and running. Additionally, all of the public employees engaged in monitoring and/or collecting data from participating sites need to be informed about the new technology project and instructed to encourage and support participation. Changing systems is a laborious process that engages multiple moving parts which all need to be in alignment. If, for example, licensing or contract monitoring staff audit a center or home and insist that electronic documentation is not acceptable it can have a chilling effect on the entire project.



Ensuring provider financial sustainability requires more than just software; it is necessary to establish financial goals, benchmarks to track progress, and a process to gather and reflect on key metrics. To this end, perhaps the most essential role an automation support organization plays is to lead the process of establishing and tracking performance metrics. OppEx has written an [issue brief](#) on this topic and can also share examples of metrics established by various

Shared Service projects. Most projects start with metrics focused on the [Iron Triangle](#) of early care and education finance, and then add other measures over time. Ideally, metrics selected align with reports that can be generated from the CCMS, so that over time, reporting and tracking progress become routine. Gathering baseline data at the beginning of the project—even when most participating providers are not yet fully automated or tracking metrics—is crucial. It is impossible to show results without baseline data to which a comparison can be made. All too often, automation support entities and business TA support staff fail to gather baseline data because participating providers were not ready or not yet comfortable sharing financial information. Later on, they often regret that decision when they lack the comparative data needed to demonstrate success.

POTENTIAL STATE ROLE: The state has the potential to directly benefit when providers have clear business management targets and metrics. These data are a reliable source when establishing reimbursement rates, revising rate policies, or identifying vacancies. Additionally, automation is an opportunity for the state to collect reporting data much more efficiently and effectively. States that elect to invest in building ECE back-office supports or Staffed Family Child Care Networks, for example, could encourage these entities to gather and track metrics used for reporting purposes (e.g. QRIS, contract monitoring, etc.) on behalf of participating providers.

Most states are collecting pedagogical leadership outcome data using tools such as

¹ While most Staffed Family Child Care Networks do not current support automation, a host of new leaders are emerging. Examples include national 'franchise' models such as Wonderschool, WeeCare and MyVillage, as well as regional groups like the Wisconsin Early Education Shared Services Network.

ERS or CLASS, as well as child outcome data via child assessment tools like Teaching Strategies GOLD, but accountability on business is typically focused on inputs such as evidence that the center has a budget, business plan, code of conduct, or files a tax return. Establishing business performance metrics (such as enrollment rates, collection rates, and per-child cost by age) can completely change the game and better position centers and homes for financial success.



Once all participating providers are using CCMS software and have begun to gather and track key metrics, crafting a shared Dashboard to report, track and analyze metrics is a helpful next step. Dashboards use easy-to-understand charts and graphs to make data come alive. These business “snapshots” help focus providers on those business systems and issues that need attention, and are also enormously helpful in demonstrating to funders, board members, investors and others the critical business factors that shape quality ECE and the value of business leadership and reflective administration.

Currently a few organizations that have worked with Opportunities Exchange are engaged in cutting-edge work to craft dashboards that make it possible to view both business and pedagogical data in one place. The availability of real-time, accurate data that relates to both business and quality allows for a crosswalk between key business and pedagogical metrics to better understand what elements are needed to consistently succeed in providing high-quality care.

POTENTIAL STATE ROLE: The practice of crafting and maintaining performance dashboards to help programs stay on track is still nascent. State and local staff, perhaps in partnership with philanthropy, could be helpful in funding this work as well as participating as key informants in the process of building and implementing dashboards.



Using data to guide administrative leadership is at the heart of this work. Once a system for collecting data is established, and a data dashboard created, the next step is beginning to implement data-informed leadership. This involves intentional strategies to use data to inform decisions regarding staffing, program, fiscal and policy decisions—within the automation support entity as well as among participating centers. Key questions include:

- How can both efficiency and quality become shared values? What would it take to streamline administration so that maximum dollars can be shifted into classrooms to boost wages and benefits? Where can labor be replaced with technology without hindering quality?
- How can data inform center and classroom staffing, so that teachers have access to skilled supervision, and paid time off-the-floor to engage in reflective practice? How do we build site-based pedagogical leadership able to weave professional development into daily practice?
- How do we use data to better inform public policy and finance, so that government decisions can be based on best practice in the field and accurate cost of service?
- How can data-informed decisions and system-building at the provider level make it possible to streamline statewide data and accountability systems—so that state and local employees can focus their time on what matters most (children and families) rather than paper documentation and compliance?

POTENTIAL STATE ROLE: The ECE sector has been engaged in data-informed practice



guided by pedagogical measures for many years. Tools such as the Environmental Rating Scales (ERS), Classroom Assessment Scoring System (CLASS), among others, have been instrumental in shaping improved teaching and a focus on Continuous Quality Improvement. However, data-informed practice guided by administrative measures is rare in ECE. At present, work focused on administrative data is still in the early stages, and includes gathering real-time, comparable data, reflecting on what works (and doesn't), creating industry standards and best practices, and beginning to build a body of knowledge to guide effective implementation. The state can be a key partner in this process by:

- Enabling automated data collection and reporting;
- Encouraging automation support entities to use 'enterprise' versions of CCMS so that they can aggregate data and report results back to participating providers; and,
- Using administrative data collected in this process to better inform state policy regarding ECE administration and unit costs.



It's important to have some sort of scorecard that tells us if we're making progress or not. If we discover that we're not making progress, the scorecard provides motivation (and even direction) for the changes that need to be made.

—Mike Bonem

CONCLUSION

John Doerr, author of *Measure what Matters*, underscores that the key to skilled management is "...the capacity to select from the many activities of seemingly comparable significance the one or two or three that provide leverage well beyond the others and concentrate on them." That—at its core—is the rationale behind much of the business leadership work spearheaded by OppEx.

To date, ECE business accountability has largely focused on such process measures as self-assessment, a few college courses in administration or documents like a budget or business plan. None of these are likely to pass Doerr's "measures that matter" test, but we lack the systems needed to effectively select the indicators that most strongly underscore business sustainability.

This issue brief outlines a multi-faceted process aimed at strengthening business acumen and CCMS automation in early care and education programs. Our focus is on an iterative process of engagement, reflection and action. The most important first step is engagement, recognizing that business training alone is insufficient, and that provider-based automation is crucial to success. At the policy level, first steps might focus on a review of state rule, QRIS or other monitoring standards to ensure that automated recordkeeping is not only permitted but encouraged. Other helpful early steps might include conducting a survey to identify how many ECE providers currently use CCMS and which tools they use or speaking with organizations that provide business training to learn more about their skills and interest in fostering automated child management. Armed with this background information, state leaders can begin to foster the data-informed practice and leadership that is essential to early care and education sustainability. 