SHARED SERVICE ALLIANCE

Sample Business Plan

Background/Context

Problem:

Brief description of the community and factors that led to the decision to form an Alliance/Network

Innovative Solution:

Example - Create a Shared Services Alliance (SSA) to provide back-office functions and a more stable, efficient business environment for a cluster of child care programs so that critically limited resources can be invested in providing high quality early education services.

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Overview

Opportunities Exchange

- The <Name of the Initiative> is a collaboration of early childhood programs supported by centralized administrative services from < Name> serving as the Hub.

- The Alliance will initially consist of xx founding programs, who collectively represent xx enrolled children and xx employees:

  - Program # 1
  - Program # 2
  - Program # 3

- Future membership expected to expand to include other area child care programs

- A description of any other partners and the role they play

- A description of any funders and the role they play

(Example) Mission, Vision and Values

Opportunities Exchange

MISSION

The Mission of the *<name of Initiative>*) is to provide effective business, management and training support for early childhood education centers to enhance sustainability leading to improved program quality

VISION

We envision an early childhood education system that is better able to meet the needs of children by having many of the non-education services provided by a partner HUB organization, resulting in:

- More time invested in people than paperwork - site leaders liberated from administrative tasks
- Children engage in more quality learning experiences
- Teachers have more time for mentoring and reflective planning
- ECE organizations become more efficient and savings (time and money) are reinvested in staff and quality programming
- Boards of Directors have high quality information to guide decision making
- Funders are confident in the effectiveness of programs and increase their investment

VALUES

The values that underpin this venture are:

- We are *quality first* led

- We *share* strengths and resources
- We work *collaboratively while honoring independence*

- We look to *advance equity not competition*
- We are *always respectful*
- We are *informed risk takers* to increase quality and stability

Theory of Change: Leadership Capacity-Building

- "Building **adult capabilities** improves child outcomes."
(Jack Shonkoff, Center for the Developing Child, Harvard)

- Shared Services is a strategy to build pedagogical **and** business capacity.
  - Provides a pathway to higher quality and improved child outcomes
  - Requires ECE businesses to work together, sharing:
    - Staffing
    - Resources and learning
    - Service delivery
    - Quality improvement focus

Approach

- Center resources and processes are combined to achieve economies of scale and specialization, thereby reducing administrative staff

- Phased approach to maximize learning and minimize risk

- Phase I creates centralized administration; the Hub manages core administrative and financial processes of the 3 founding centers

- Later phases add center members and shared activities, as strategically appropriate; eventually shifting to a member-paid collective for sustainability.

Proposed Structure

- Alliance Hub: <Name> will serve as the Hub for <Name of Initiative>. XX was selected because it has many of the characteristics of successful Alliance Hubs

  - *Mission Driven* – Have the desire to work with other ECE organizations and see this as part of their mission rather than as an opportunity for increased funding.

  - *Innovation* – Leadership, board and staff are open to new ideas and approaches, willing to "think outside the box," and experienced in developing promising new approaches to old problems

  - *Entrepreneurial* – Leadership embraces an entrepreneurial way of thinking and uses this entrepreneurial energy to effectively engage the staff and board

  - *Risk tolerance* – Leadership, board and staff are willing to take risks and organization is stable enough to launch a new endeavor that may not pay for itself in the short term

  - *Leadership and market credibility* – Trusted leader in the community, or able to quickly build trust among providers and funders

  - *Financial reach and stability* – Has sound fiscal management capacity, with dedicated and skilled fiscal management staff

Proposed Structure

- Each founding partner retains its current organizational + legal status, including their 501(c)3 status and Board of Directors.

- Partner agencies will enter into a collaborative agreement (MOU) with <HUB> that specifies services to be shared during the initial grant period. Services will be centralized and delivered by staff employed at the Hub agency.

- <XX> will negotiate an MOU with <XX> to serve as Hub and specify services and responsibilities

- The cost of shared services provided by the Hub will initially be covered by grant funds raised by <Funder>. By year 3 these costs will be covered by fees paid by member centers + collaborative fundraising .

- The current cost of services at each member center will be tracked to ensure that, over time, the shared cost of services provided be the Hub is lower than individual center costs, thus freeing up resources to be re-invested in center staff/quality.

Proposed Structure

Proposed Staffing
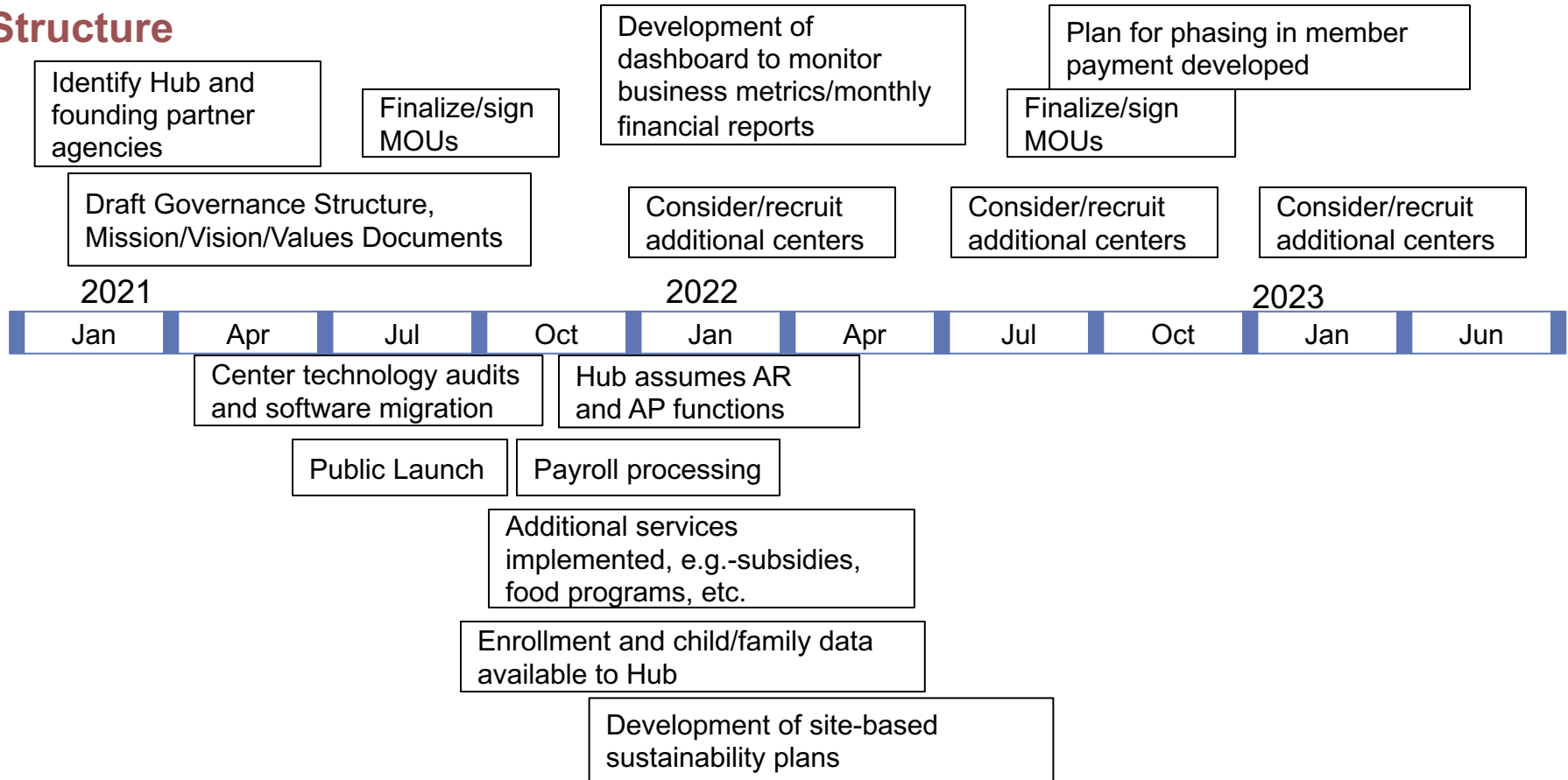
- Alliance development and activities will be led by the Leadership Team:

  - Agency 1, President

  - Agency 2, Executive Director

  - Program 1, Director

  - Program 2, Director

  - Program 3, Director

- Shared services will be delivered by Hub staff/consultants, including (but not limited to):

  - Program coordinator for Child Care Services

  - Fiscal administrator

  - IT consultant

Shared Activities

- Initial activities will include the following:
  - Using business automation tools for efficient data management of family and child information, attendance records, and accounts receivable (tuition, subsidy, other fee for service revenue)
  - Processing payroll and additional accounts payable as needed
  - Tracking performance related to mutually established business metrics; developing site based "sustainability plans" to improve operations
  - Explore the feasibility food program (CACFP) administration
  - IT support
- Additional shared activities to be explored include: HR management, Facility/fleet maintenance, and pedagogical leadership.

Implementation

Structure

Identify Hub and founding partner agencies

Finalize/sign MOUs

Development of dashboard to monitor business metrics/monthly financial reports

Plan for phasing in member payment developed

Finalize/sign MOUs

Draft Governance Structure, Mission/Vision/Values Documents

Consider/recruit additional centers

Consider/recruit additional centers

Consider/recruit additional centers

2021				2022					2023	
Jan	Apr	Jul	Oct	Jan	Apr	Jul	Oct	Jan	Jun

Center technology audits and software migration

Hub assumes AR and AP functions

Public Launch

Payroll processing

Additional services implemented, e.g.-subsidies, food programs, etc.

Enrollment and child/family data available to Hub

Development of site-based sustainability plans

Activities

Work Plan

Task	Lead	When
Approval and sign-off MOU	Leadership Team	TBD
Sites fully utilizing software	CEOs/ members	TBD
Hub is able to access all site based data	Hub + Tech consultant	TBD
Implement integration with accounting software; Clarify business metrics, develop dashboard and generate site based reports	Hub + Tech consultant	TBD
Begin onboarding sites to manage payroll/AP/AR	Hub	TBD
Determine and develop suite of additional centralized service offerings (IT, insurance/ benefits/facilities/ purchasing)	Leadership Team + consultant	TBD
Explore feasibility of managing CACFP; Develop common CACFP processes	Hub + member	TBD
Develop process for vetting new members Identify and recruit prospective new members	partner + Leadership Team	TBD

Work Plan (cont'd)

Task	Lead	When
Implement common CACFP administration, potentially including shared food vendor.	Hub + members	TBD
Identify policy/funding issues that are barriers to sustainability	Hub + Leadership Team	TBD
Develop policy/advocacy strategy to address barriers	Leadership Team + Partner	TBD

Key Success Factors

Keys to Alliance success are:

- Ensure long term sustainability by achieving a diverse and strong funding mix

- Reducing overhead costs through the use of business automation tools, economies of scale, and economies of specialization

- Freeing up administrative time to focus more on teaching and learning

- Providing systems and data to enable improved governance and more informed decisions

The standardization of processes and policies, as well as automation of key tasks via implementation of a child care management system, will be key tools to advance Alliance performance.

Business Leadership Metrics

- Alliance centers will be asked to gather and report data on business leadership, using the following measures:

  - Enrollment as a percentage of staffed capacity

  - Uncollected fees - % of budget; % of families

  - Cost per child by classroom and by site; Revenue by child

  - Personnel cost as a percentage of total center budget

  - Personnel cost breakdown: % administration, % program (teaching, non-teaching)

  - Funding portfolio – sources of revenue by type

  - Staff wages and benefits "package", relative to competition; retention rates

Draft Budget

	Start-up	Year 1	Year 2
Centralized Administration/Leadership		$62,575	$76,550
Technology: Hardware/software license	$12,400	$2,600	$2,600
Technology: contractor	$10,360	$9,527	$9,000
Taxes and audit		$3,500	$3,500
Pedagogical	TBD	TBD	TBD
Legal	$500	$0	$0
Total Expense	***$23,260***	***$78,202***	***$91,650***
Revenue	*$25,000*	*$80,000*	*90,000*
Net Expense After Grant Offsets	***-$1,740***	***$ 1,798***	***-$1,650***

Draft Budget - Assumptions

- ## Central Administration/Leadership
  - Child Care Services – Yr 1: .2FTE Q1; .4FTE Q2-4; Yr 2: .5FTE
  - Fiscal Services – Yr 1: .2FTE Q2-4; Yr 2: .2FTE
  - Admin/Logistical support – Yr 1: .1FTE; Yr 2: .2 FTE
  - Management/Oversight – .1FTE (combined)

- ## Technology:
  - Technology contractor - Yr 1: 8 hrs/mo. X 3 sites; Yr 2: 5 hrs/mo. X 3 sites
  - Computers and hardware – Start up purchase to bring centers up to required capability
  - Child care management software – initial license and ongoing fees

Next Steps

- Boards Approve MOU's

- Site based staff fully deploy software functions

- Hub accessing site-based data