

Using Shared Services Principles to Reorganize Business Operations at Multi-Site Centers

Background

Shared Services is a management framework that allows multiple early care and education sites to pool needs and share resources – including staff, information, skills and funds – in order to improve the capacity to provide high quality care. By sharing resources, ECE businesses become stronger, more accountable, more financially sound and efficient, and better equipped to offer affordable, high-quality services for children and their families. Additionally, a Shared Services framework can make it possible to attain the economies of scale and economies of specialization needed to shift resources from administration to the classroom, which strengthens the ability attract, support, and maintain staff via improved working conditions and better wages, benefits and embedded professional development.

In our work with early care and learning programs across the U.S., Opportunities Exchange has learned that many multi-site organizations are not taking full advantage of the opportunities available through a shared services framework. We have developed this resource to assist multi-site organizations in assessing their management framework and moving more fully toward a shared services approach.

Purpose of a Reorganization

Shared Services is a capacity-building strategy. Reorganizing using Shared Services principles helps the organization achieve greater capacity to deliver high quality care, through:

Scale – Economies of scale in purchasing helps reduce costs of goods and services. With automation, programs can also attain economies of scale in a host of business transactions, reducing time on task as well as errors.

Specialization – Economies of specialization accrue when staff can focus on a few tasks that they do well (and hopefully enjoy) rather than being responsible for so many tasks that they must be a “jack of all trades; master of none.” ECE programs that use a Shared Service framework have found that centralized staff increases expertise, efficiency, accuracy; separating business and pedagogical functions enables teachers and site directors to focus on teaching and learning; and thinking intentionally about how to apply a Shared Services framework to staffing enables professionals focus on what they like to do and do best, thereby increasing job satisfaction and helping to reduce turnover.

Steps for Reorganization

The purpose of this guide is to provide multi-site early care and education organizations (multi-sites) with a general outline of how to use a Shared Services framework to restructure operations. Each multi-site is different, but in general, the steps for reorganization are:

1. Identify the potential operational areas that could be centralized.

2. Identify the tasks, processes, and staffing changes needed to strengthen each operational area.
3. Develop the detailed description of job changes and changes in staffing. Describe how roles and processes will change in as much concrete detail as possible.
4. Estimate implementation costs and develop a plan to obtain necessary resources.
5. Develop a work plan to implement staffing and process changes, starting with changes that are low- or no-cost .
6. Continue resource development efforts and implementation of staffing or process changes.

The amount of time required to reorganize business operations varies based on the many factors that make each center.

Step 1: Identify the potential operational areas that could be centralized

One large multi-site organization used this guiding principle to determine which tasks to centralize: “Whatever doesn’t have to happen in the classroom or at a particular site can potentially be centralized and scaled.”

Begin by making a list of all the tasks/functions that must occur in order to keep the centers open and operating smoothly. This might involve an exploration of each job, the detailed responsibilities included in that job, and a rough estimate of how much staff time it takes to perform the job. Don’t censor yourself at first; just brainstorm a list. OppEx has a Shared Services [Audit Questionnaire](#) that you can use to help guide this process.

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Tasks that are often centralized include the following:

- Billing and Fee Collection – for parent fees and child care certificates/vouchers
- Billing, reporting, and management of grants and contracts (public and private)
- Administration of the Child and Adult Care Food Program
- Fiscal Oversight
- Marketing and Enrollment Management
- Staff Recruitment and/or Hiring
- Substitutes – Recruitment and Scheduling
- Staff Orientation
- Purchasing
- Quality Assurance (including interface with licensing, QRIS, etc.)
- Professional Development (including individual staff professional development plans)
- Pedagogical Leadership (site-based coaching and reflective supervision)
- Human Resources
- Development/Fundraising

- Children’s Health Supports
- Family Support Services
- Janitorial
- Maintenance

Tools available on the Opportunities Exchange website that might help with this process:

- Shared Services [Audit Questionnaire](#)
- [Sharing Staff Roles and Responsibilities Across Sites: Lessons Learned from Intensive Shared Services Alliances](#)
- Presentations from 2017 National Shared Services Conference:
 - [Business Leadership and Metrics: Driving Quality and Sustainability](#)
 - [Pedagogical Leadership as a Strategy to Build Quality](#)
 - [Building Pedagogical Leaders](#)
 - [Pedagogical Leadership Plan](#) (sample)
- [Child Care TN Current and Future Activities](#)
- [Early Connections and Chambliss Administrative Structures](#)

Step 2: Identify the tasks, processes, and staffing changes needed to strengthen each operational area

Look over your brainstormed list and think about the feasibility of centralizing each task – what makes sense to centralize in the short-term? What would be a longer-term goal? What tasks would require an investment in automation, especially if there is a need to have all sites using the same system? What might require additional scale? Where is there a natural opportunity to begin because a particular staff person has passion around this task and would love to take the lead? What tasks will be more difficult, and might be more appropriate for Phase 2 implementation? And what tasks just shouldn’t be centralized because there is a strong case for performing them at each site? Explore the pros and cons of each task, and slowly build a list of items to address in the short- and longer-term.

Part of this assessment process involves thinking carefully about the human resources currently available in your organization. Do you have site directors that really enjoy the business side of things, and others who prefer to roll up their sleeves and work closely with teachers and children? Do you have a centralized finance or HR department? Is the enrollment and attendance tracking process centralized? What would it take to create these jobs at little or no added cost by re-structuring and shifting roles and responsibilities? Shared Services is rooted in the concept of specialization, that is, allowing staff to focus on what they do best and most enjoy. To this end, you might want to conduct a brief survey of your staff aimed at helping you learn more about their interests.

Tools available on the Opportunities Exchange website that might help with this process:

- [Sample survey from one multi-site](#) that used Shared Services principles to reorganize
- [Time Saving Benefits of the ECE Shared Resource Platform](#) (the “Knowledge Hub”)



- [Shared Sub Pools](#)
- [Child Care Food Program Support](#)
- [Creative Staffing Solutions](#)

Automation

Attaining economies of scale and specialization requires automation. Many tasks that ECE leaders and managers perform daily can be automated, saving significant time and also reducing the likelihood of error. Indeed, implementing a Shared Services management approach requires a careful look at automation. There are many “off the shelf” Child Management Systems that have been used successfully by multi-site organizations that use a Shared Services management framework. Additionally, ECE intermediaries in some states have developed state-specific child management software that complies with all state requirements and, in some cases, allows data to be uploaded or linked with state systems. Some helpful tools to guide this process include:

- Unsolicited reviews of child care management technology products are available from [Capterra](#), a neutral, independent company that helps businesses make software decisions
- [ProCare](#)
- [Smart Care](#)
- [EZCare](#)
- [Minute Menu](#)
- [Alliance Core](#) (Colorado)
- [ChildWare](#) (Pennsylvania)

Discounts on goods and services, as well as a host of timesaving tools and templates are available on www.ECSharedResources.org. Currently, [29 states](#) have purchased a license for Shared Services on the web; if your center is located in one of these states, accessing the site could be a helpful first step.

Step 3: Develop the detailed description of job changes and changes in staffing

Once you have a list of potential tasks to centralize, and a deeper understanding of who might perform these tasks, you can begin to craft an alternative staffing structure. This step involves building an organizational chart and more detailed job descriptions, thinking carefully about caseloads and supervision structures, and so forth.

Tools available on the Opportunities Exchange website that might help with this process:

- [Two organizational examples](#): multi-site group, and large hub center
- [ECLC: Then and Now](#): Power-Point presentation from March 2015 Study Tour
- [Sample survey from one multi-site](#) that used Shared Services principles to reorganize

Step 4: Estimate implementation costs and develop a plan to obtain necessary resources

Now look at your newly proposed org chart and staffing patterns and think about what it will take to make the shift from what you have now to where you want to be. Will you need to purchase new technology software or hardware? Hire new staff? Invest in additional staff training? Based on the Shared Services you have identified as first steps as well as short-term and longer-term tasks, begin to build a budget for implementation of each shared service. Some costs will be one-time expenses that might be considered “start up”; others will require on-going operating revenue. To this end, crafting a three-year budget is recommended so that you can include both short and longer-term cost estimates.

Once you have built an expense budget and have an estimate of how much funding will be required to support shared expenses, begin to explore revenue sources. Most Alliances rely on a mix of grants/contracts and membership fees; however sources and fee structures vary widely. Establishing a viable structure for membership fees is challenging and is a process that will likely evolve over time with input from member organizations. Recognize that your initial budget is a first attempt. Remember that a key benchmark for a staff-sharing Alliance focused on business leadership will be to strengthen the “Iron Triangle” and boost revenues in participating programs, thereby enabling them to pay membership fees and still invest in teachers and classrooms. It will take time to see these results; however setting financial performance goals is an important step and will help to benchmark progress as well as identify challenges to be addressed.

Tools available on the Opportunities Exchange website that might help with this process:

- [Using Metrics to Drive Quality and Sustainability in ECE Programs](#)
- [Strengthening The Iron Triangle of ECE Finance: Strategies for Alliance Implementation](#)
- [Boosting Enrollment in Child Care Centers and Best Practice Marketing Concepts](#)
- [Best Practice for Calculating an Alliance Membership Fee](#)

Step 5: Develop work plan to implement staffing and process changes.

Once a basic plan for what you want to do and how much it is going to cost has been outlined, the next step involves creating a more detailed work plan that identifies the steps involved, or essentially who will do what and by when. Work plans are living documents that should be revisited every week or so, to make sure you stay on track, and are likely to be revised over time. But having a map helps make sure that you know where you are going and the steps involved in getting there.

Step 6: Begin to implement the workplan, track progress, and continue resource development efforts and outreach.

The work plan described in Step 5 should be specific enough to use as a document to track progress. We recommend that you re-visit the plan weekly, checking off what has been done and identifying tasks for the upcoming week.

It is also helpful to develop longer-term benchmarks that can be used to identify progress, track progress over time and made mid-course corrections. Examples of benchmarks used by multi-

site centers that use a Shared Services framework include the following:

- Enrollment, as a percentage of staffed capacity – the goal is to minimize slot ‘vacancy’. Best practice is to review these reports weekly and benchmark at least 85% enrollment.
- Revenue Collection – best practice is to keep bad debt below 5%. To manage effectively, government payments must be reconciled monthly.
- Cost Per Child by Classroom - calculating cost by classroom helps determine what to charge as well as to identify classrooms that are chronically losing money.
- Instructional Goals – Typically include measures such as: CLASS or ERS or PAS scores, child assessment data (e.g. TS GOLD), licensing status (upcoming renewals, health/immunization records, etc.), staff professional development plans/goals,

Helpful resources:

- [Using Metrics to Drive Quality and Sustainability in ECE Programs](#)
- [Strengthening The Iron Triangle of ECE Finance: Strategies for Alliance Implementation](#)
- [Boosting Enrollment in Child Care Centers and Best Practice Marketing Concepts](#)
- Iron Triangle Worksheet (including Cost Per Child calculator) – coming soon to OppEx website; see “[Shared Services Central](#)” -> “Business Leadership”

Multi-Media: Putting it All Together

Sometimes it is hard to imagine an organizational or staffing structure, a way of delivery services that is new. To help you envision what a Shared Services Alliance might look like “in action” and to hear from folks involved in building these Alliances, below are links to video clips that you might find helpful:

- [Building Quality through Shared Services](#) – a multi-media learning tool featuring Sound Child Care Solutions in Seattle, WA
- [The Children’s Home Model](#) (Chambliss Center for Children, TN)
- [Seacoast Early Learning Alliance](#) (NH)