

# Business and Management Skills in Early Years and Childcare

## Research report findings



In partnership with:



### Supporting early years and childcare providers to develop good business and management skills is now more important than ever.

The sustainability of good quality early years and childcare provision is critical to both the development and education of young children and to the wider economy by enabling parents to work and train. Developing the business management skills of early years and childcare providers is essential to ensure that they have every opportunity to make their business a success.

Between May and September 2011, 4Children, OPM and The Social Investment Business undertook a programme of research to find out what early years and childcare providers think about their business skills and what skills they would like to develop.

## Key findings

1. There is a clear need and demand for **more business skills training** across the whole of the early years and childcare sector. Confidence in business skills is fairly low, understanding about business skills is variable and only around half of the research sample had ever accessed training.
2. The **culture of the sector** has meant that business skills are not as highly valued as the ability to provide safe and secure provision for children.
3. There seems to be a **wide variety of business skills needs** across the sector – different types of provider have different needs, although there are some common areas of need too.
4. **Childminders in particular have very specific needs**; being self-employed sole traders makes it even more challenging for them to take up training because of cost, time and finding the opportunity to work out what they need and how to access it.
5. All types of early years and childcare providers say that **time, cost, travel distance and knowing what's available** are the biggest barriers to accessing training.
6. Providers very much value local authority support and the **Local Authority Development Officer** role.
7. It is important that any business skills training offered is **tailored to the type of setting and the skill level of attendees**. Training should be delivered by people with a good understanding of the sector and its issues.
8. There do not appear to be many effective **peer support networks** for providers, particularly childminders – this is a potential area for developing additional business skills.
9. **Management committees** of voluntary sector nurseries and pre-schools are a particular area where support is needed. More support and information on becoming a social enterprise might encourage providers to take this step.
10. **Location and timing** are crucial in encouraging providers to attend training – weekends and evenings are preferred. Training should be free of charge to ensure a good level of attendance – some providers even talked about wanting a financial incentive to attend!
11. **Local authorities and national membership organisations** have a key role to play in providing support networks, raising awareness of the need for business skills training and helping providers to access it.
12. Providers that already have sound business skills, such as children's centres, could be **incentivised to support smaller, less able providers**.

## Childminders

Just over half of childminders (55%) have received some kind of business skills training. There is a wide variance in childminders' attitudes and experiences towards business skills as part of their day-to-day work. Most agree that although business skills are important, the most important aspect of their work is looking after children.

The majority of childminders lack confidence in their business skills and this is compounded by the attitudes and expectations of parents who they sometimes feel do not treat them as a business, often failing to pay on time and expecting trips or additional items to be provided free. Many face problems with forward planning and forecasting.

Most of the business skills training received by childminders has been one-off training, provided through the local authority.

*“Parents don't [always] see that you are running a business. But they can't go into Asda and say, 'Oh, can I pay you next week? I'm a bit short.' ”*  
– **Childminder**

Some of the key barriers to the uptake of business skills training by childminders include:

- Not having time to attend and poor timing of courses (childminders suggested that training needs to be in the evenings or at weekends)
- Cost
- Venues and lack of transport
- Not knowing what is available or how to access it
- Thinking that they do not need training

Childminders identified the following areas in which they would most welcome training:

- Information technology
- Accounts and tax, e.g. tax returns, tax credits & book-keeping
- General financial skills

Childminders noted that it would be very useful if whoever delivered business skills training for them had experience in childminding and working with childminders. They are also particularly interested in setting up peer-to-peer support networks to help continue the development of their skills.

## Out of school providers

Sixty per cent of survey respondents from out of school clubs have undertaken business skills training. Out of school clubs feel that having 'good people' with strong business skills knowledge is crucial to the success of the business.

Respondents who had not, or would not, take up business skills training cite a number of factors in their decisions, including not having time to attend, not knowing where to access training and not thinking it was necessary. Cost is also seen as a barrier, although this is not as much of an issue for out of school clubs as for other types of provider.

*“We've had to become more business like – where we were grant maintained by the local authority, we're now part-funded, part-commissioned. It's about re-inventing ourselves to generate an income and how best to do that – services we provide or with buildings leased from the local authority – looking at further partnerships – other boroughs as well.”*  
– **Out of school club staff member**

Out of school providers identified a range of areas in which they would welcome more support, including:

- Accounts
- Marketing and communications
- Managing employees and employment law
- Information technology

## Children's centres

Fifty two per cent of children's centre respondents have undertaken business skills training. Many of the Children's Centre Managers involved in the research have an allocated member of their management team who is responsible for business and financial monitoring and development. However, they recognise that their own skills could be improved in this area – both so that they are able to analyse the information that is produced for them and so that they can do some of that work themselves and reduce their reliance on 'Business Leads'.

The barriers to accessing business skills training were identified as cost, lack of time, and a lack of knowledge about what is available.

*"Definitely finance could be improved, I rely heavily on the business manager for his views... We need the robust senior leadership team that we have. We rely on each for their area of expertise, and the business role is crucial in that."*

– **Children's centre manager**

Children's centres want training in a wide range of business skills including:

- Book-keeping
- Marketing
- Financial forecasting
- Fundraising
- Business planning
- Information technology

Children's centres suggested some ways in which training uptake could be improved in their sector:

- Nationally recognised training – perhaps certified, accredited or contributing towards a qualification
- Guarantee of ongoing post training support
- Specific marketing to attract those in need of the support

## Nurseries and pre-schools

Of the respondents from nurseries and pre-schools, 65% have undertaken business skills training. Findings show that nursery and pre-school managers understand the importance of good management, but not necessarily business management. This is either because they don't see it as their role or because they don't view 'business skills' as different from their skills as an early years professional. Nursery and pre-school providers are least confident in their skills in financial management and marketing.

The main barriers preventing respondents from accessing business skills support are cost, not having time to attend and not knowing what was available. Other reasons given for managers not attending business skills training are that they do not need it, the problem and cost of arranging cover and distances to training venues.

*"I've got a Development Officer for my area who I would contact about training and then she would arrange this for me."*

– **Nursery worker**

For those that want training, the key areas include:

- Book-keeping
- Accountancy
- Information and computer technology (including payroll, expenses and Excel)
- Legal requirements
- Budgeting and finance
- Marketing
- Recruitment and selection advice

There are specific business issues regarding

management committees and boards for voluntary/third sector providers, including understanding the governance structure, being able to recruit committee or board members with appropriate skills and the high turnover of members.

## Local authority perspectives

A number of local authorities were also interviewed, either individually or in groups, to gain their perspectives on the sector's business skills and sustainability issues.

Local authorities feel that the current financial environment means that the market is becoming more difficult for providers and sustainability is becoming a challenge, particularly for some smaller voluntary sector providers. Running costs for settings are increasing as parents' ability to pay is decreasing. Business skills are therefore becoming more important than ever.

One of the key barriers to accessing business skills support is the cultural mindset of providers who prioritise practice, quality and regulatory issues but do not consider business skills to be an essential element of running a childcare setting.

Most local authorities feel that there is a need for additional targeted support for voluntary management committees, especially around roles and responsibilities of committee and board members and legal structures.

Key points raised by local authorities are:

- The need to have a good relationship with parents often hinders the ability to be a 'good business person' – providers are sometimes unwilling to ask for payment up front or for additional costs, and can find it difficult to chase bad debts.
- There is a lack of general business skills amongst early years providers.

- Local authorities are aware of the type of support needed and how best to engage providers, but are facing restructuring and reductions in funding and in many cases are unable to provide as much support as in the past.

Local authorities suggested that the following are key areas in which settings are least confident and would gain most from additional support and / or training:

- Financial management
- Marketing, including market research and sales
- Managing bad debts and debt collecting
- Strategic planning
- Book-keeping

### Who took part?

- Nurseries
- Pre-schools
- Out of school and holiday clubs
- Childminders
- Children's centres
- Local authorities
- Pre-school Learning Alliance
- 4Children
- Daycare Trust
- National Childminding Association
- National Day Nurseries Association

The full research report is downloadable from the 4Children website: [www.4Children.org.uk](http://www.4Children.org.uk)

