

Business insights from successful early years providers

Contents

1. Understand the local market
2. Understand and manage your occupancy rate
3. Understand your costs
4. Be clear about your charging policy and the funding you can access
5. Get the right support for your business
6. Plan for the future

All early years providers need to consider business sustainability. The following insights from successful providers will help you to continue to provide high-quality early years care and education over the long term and meet the changing needs of local parents

Understand the local market

Develop a clear understanding of local supply and demand by identifying:

- how much provision parents need now and also in the immediate future
- how other providers are helping to meet local need
- the needs and preferences of existing and potential customers

For example, you could ask parents now if they'll want more hours when 30-hours childcare for working parents comes into effect in September 2017.

Read about [marketing and market research](#).

Understand and manage your occupancy rate

Your occupancy rate is the amount of places that you offer that are full.

It is important to take a systematic and planned approach to managing occupancy. At a simple level, this means recording and tracking expected and actual occupancy to identify variations across the weeks, months and year. If you know when there are regular peaks and troughs, you can:

- respond appropriately and quickly - for example, with marketing activities or by increasing or decreasing your staff
- make the best use of your resources
- extend your setting's reach by filling more places

Read [early years providers' experiences in successfully managing occupancy](#).

Understand your costs

As in any business, you should base your sales and investment decisions on a good understanding of costs.

Look at your business' performance in terms of budget and cashflow, and track actual income and expenditure against monthly projections. If you manage your finances well, you're more likely to be able to invest in your business to improve its quality and provide more childcare.

Read more about [managing monthly finances](#).

Be clear about your charging policy and the funding you can access

Being transparent allows you to build trust with parents. Maintain a clear, fair and consistent policy on what you charge parents for - for example, late pick-ups or late payments – so that they can simply understand up front what they have to pay for and any additional services they want to take up

Make sure you're aware of [what extra funding is available](#), how to access it and which children may be eligible. This could include the:

- [early years pupil premium \(EYPP\)](#)
- [disability access fund \(DAF\)](#)
- [special educational needs \(SEN\) inclusion fund](#)

By accessing these funds, you can be more confident of providing quality for all children without affecting the sustainability of your business.

You should also be aware of the funding that parents - your customers - can access to pay for childcare. This could include:

- [tax-free childcare](#)
- childcare elements of [tax credits](#)
- childcare elements of [Universal Credit](#)
- employer support, such as [childcare vouchers](#)

Parents can check what help they could get with childcare costs using the [childcare costs calculator](#)

Read [guidance on extra sources of income for early years providers](#) and [statutory guidance on charging for extras](#)

Get the right support for your business

A lot of specialist support is available for early years settings of all sizes. This can be from your local authority, specialist consultants or software tools. See our [directory of early years business and finance support suppliers](#).

If you plan to invest in support, take an approach that is long term and appropriate to the size of your business and your particular challenges and needs.

Local authorities are often able to help, either by providing advice and support directly, or by recommending helpful organisations and guidance.

Sector membership organisations may also be able to recommend appropriate support.

Read a [guide on selecting a business support supplier](#).

Plan for the future

Business planning includes:

- making informed predictions about future cost pressures and new revenue opportunities
- managing risk
- having a clear vision for the longer term, whether this is expansion or improvement, and how to make this happen

Read [how to develop a business plan](#).