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How do you introduce the concept of the need to develop a business plan when running an early childhood organisation?

Early childhood organisations are no different to any other business enterprise that is conducted across Australia in that they are required to plan for the future. Business plans enable organisations to be guided across a range of functions including recruitment, marketing and finances. As consultants we frequently see early childhood programs that, through a lack of planning, find themselves in financial crisis including difficulties in managing the costs associated with delivering the program. In working alongside early childhood organisations we explore with senior management the range of issues that may impact on operations and the plans or strategies in place that will assist them in making strategic business decisions. Such an approach often highlights that an 'organic' approach to business operations does not serve these organisations well and as such planning for growth, the unexpected and tougher times is fundamental in running a successful early childhood organisation. It is unfortunate, however, that often it takes a crisis to alert individuals to the fact that business planning should be part of everyday organisational management, rather than a reactionary strategy to an existing or looming crisis.

What would you consider to be the key elements of a business plan for an early childhood setting?

The key elements of a business plan include understanding the social and political context of the sector and community in which you operate. Undertaking an environmental scan is a good place to start in developing a business plan. An environmental scan allows you to find out who is operating in your community, where the sector is heading and what changes may be awaiting the sector.

In developing a business plan it is also important to have knowledge of the demographics of your local community. This is easily done by accessing census data. A business plan should include key outcomes and objectives for the organisation over a 12-month period, identification of any capital works to be initiated within the 12-month time frame and any potential human resources issues. A simple table that includes outcomes, strategies and resources is required (including people or finances) to map out responsibilities, time frames and progress. A review should take place quarterly in order to track progress against these outcomes.

What would you identify as the pitfalls in the financial management of an early childhood setting and what steps could be taken to prevent these?

There is a diverse range of issues that impact directly on the poor financial management of early childhood organisations. First, there seems to be a taboo associated with using business or economic language when it comes to delivering early childhood programs. This has led to some very one-sided debates and as a result maintained a silence around the importance of financial management of programs. The most pressing challenge is the lack of financial literacy and skills evident across the management team. This may be the result of minimal financial training or too often a lack of interest with issues related to finances. Sadly, often it is a combination of the two and is a recipe for a disaster. Program managers need to be proactive in seeking the necessary skills to run a financially healthy and viable organisation. This in no way is to detract from the other important aspects of this

individual's role including leading people, evaluating and supporting contemporary pedagogical approaches or working with families. However, without a financially viable early childhood organisation there would be no organisation to run. The 'fake it 'til you make it' approach is not appropriate. Program managers need to seek support prior to a crisis, increase their knowledge through professional development delivered by financial experts and develop processes that allow for the strict monitoring of the organisation's finances.

What advice would you give to an aspiring leader about financial management and accounting principles or key rules?

The key pieces of advice that we often offer aspiring leaders and existing leaders in early childhood organisations are as follows:

- Asking for help doesn't make you a failure—always seek help before it is too late, and often it can be too late if a minor issue is allowed to continue to grow.
- Increase your own skills through specialised professional development—there is a range of professional development programs for those who require basic through to more complex financial skills. Enrol in a course and develop the fundamental finance literacy and skills required to run a small business.
- Develop monitoring systems—finances cannot be left unattended for more than a month. On a regular basis review how the organisation's finances are travelling and benchmark these across sector standards.
- Become familiar with financial software—don't be scared of financial software, be scared that you don't know how to use them. Financial software is developed to make your life easy, so be proactive and learn the tools of the trade.