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Suggestions for identifying trouble and preventing problems

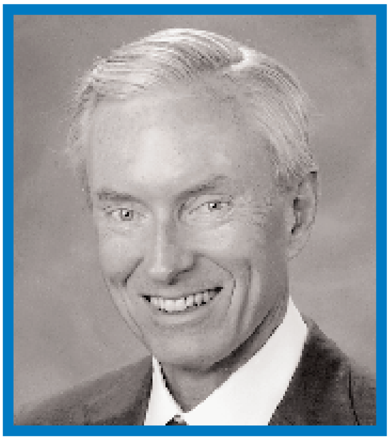
Signs Your Organization is Growing Too Fast

by Bob Benson

November 1993. June Zigler contemplated with satisfaction her Beaverbrook Child Care September income statement. Occupancy of 86% (which she knew had topped 90% in October) and a lush profit. Around her the center pulsed with energy. She had just spent an hour moving among classrooms, helping her hand-picked, loyal staff, and dispensing personal greetings to everyone. Even the parents had been full of good cheer that morning despite the usual early day rush. During nap time, June planned to visit the new educational wing of the community church which had agreed to lease her five classrooms for a new center which would open in March.

OCTOBER 1994 *Beaverbrook continued to perform well. June was spending more time at the church center helping Nancy Morgan, her long time assistant director at Beaverbrook, who had moved over to run the church center when the occupancy permit and licensing approval finally came through in early May. Enrollment was proving to be more of a struggle than they had anticipated, though FTEs (full time enrollments) recently topped 35. More frustrating to her was how hard a time she was having persuading Nancy to get out in the community and try to publicize her center. All Nancy seemed to want to discuss was teacher and program evaluations, parent programs, and the need to split out additional groups because of developmental differences.*

DECEMBER 1995 *Troubled waters at Beaverbrook. Nancy had not believed her good luck when the opportunity arose in May to buy Hilltop Pre-School. Mrs. Bowman, who had started it 20 years before, had always kept her school full with a waiting list. But now there were problems. Shari Caldwell, June's choice for Hilltop director, had seemed so right with her fresh Master's degree in early childhood, but she sure wasn't connecting with Hilltop's parents. The past two weeks had not been fun — with parent calls at night to "the owner" because the six year longevity teacher in the three year classroom had resigned after a series of squabbles with Shari. Then eight student withdrawals followed. Meanwhile, Nancy was still struggling at the church center, with full time enrollments remaining a little below breakeven at 51. Worst of all, it*



Bob Benson is an advisor to six businesses, all in different fields, four of which are service businesses. He serves as director of Bright Horizons and is currently a member of "Our Children, Our Future" — a task force appointed by Mayor Webb to update Denver's five year plan for children and to recommend guidelines for selecting a new Head Start grantee. Previously, Bob served as CEO of Children's World (1975-1987).

was no longer much fun to be around Beaverbrook — staff morale seemed only mediocre during the increasingly rare hours June was around. The choice of a new director from among the ranks had split the staff, and occupancy had dropped to 78%. June was not looking forward to her Thursday appointment at Beaverbrook State Bank to ask for an increase in her working capital credit line.

Sound familiar? One of the toughest management challenges is moving from being a director of a single center to operating two or three locations. Troubles can take many forms, but two tend to occur most often. First, the director's visible "hands on, personal leader, cheerleader, react to and solve each problem as it occurs" style worked great in a single setting, but can't when the organization is spread over multiple sites and constituencies. Second, the organization size is awkwardly inefficient. Three centers aren't enough to be able to afford to hire a full-time supervisor or to engage other help in creating management systems, but the director can't effectively continue directing one center while tending to challenges at the other locations.

The moral: Either don't try to operate two or three centers or else get adequately capitalized to be able to design and finance an adequate supervisory support structure. Meanwhile, keep moving ahead to create additional centers which will support expanded supervisory and program development staff.
The challenges for a successful five to ten center group contemplating growing to 20-30 locations or more share some similarities, but also harbor some subtle differences. This article attempts to highlight some trouble signs, to identify some indicators that suggest a child care organization may be growing too rapidly, and then to make several suggestions for preventing key problems from arising. While the example I provided at the outset is a for profit center, most of the ideas that follow apply equally to for profit and non profit centers.

Trouble Signs

Some of the trouble signs are generic and could apply to any type of business. Any of the following shouldn't be considered pluses:

- Monthly financial statements creep later and later, and your bookkeeper resists changing accounting systems or automating.

- You automated your financial record keeping, and your bookkeeper doesn't have a clue how to get the bugs out of the new system.

- You twice had to seek payment holidays or covenant waivers from your commercial banker.

- At three of the most recent board of directors meetings, venture capitalists backing your company brought up an item you hadn't placed on the agenda — how they are going to be able to exit their investment. (This behavior could mean they are worried about your growth being out of control and they want to derive some value from their investment before it is too late.)

- No one in the organization seems to have time to organize ongoing refurbishment and repair projects to keep the centers looking attractive.

- Finding locations for and supervising the construction of new centers absorbs most of the energies of your organization's CEO.

Staffing Issues

None of these occurrences are helpful (for remedies, seek out general management training and advice), but these are not the most likely signs that a child care organization may be growing too rapidly. Rather, the biggest trouble is usually on the people side of the organization. This shouldn't be surprising. Child care is an intensely personal, emotion laden service. Empathy oozes from the veins of most people attracted to make a career in child care. For most parents of young children, a choice of child care provider tops their decision roster.

Child care organizations growing too rapidly underestimate the challenges of bringing their human capital along. Executives confuse personal familiarity with staff members with those staff members' motivation and readiness to stretch and take on additional responsibility. Because Mary made a successful transition to center director, "Why Penny, Caren, and Robin must be ready, too!" becomes the thinking. Standards erode. Executives begin rationalizing the wisdom of earlier and earlier promotions and new hires of ever more green people.

> **"Child care is an intensely personal, emotion laden service."**

You want a quantifiable trouble sign? *Go check the median (not aver-age) tenure in the center director position of your current center directors; if it is less than 18 months, your organization may soon be troubled, if it isn't already showing such signs.*

How about a corollary? *Most of the center directors you move to a new or larger or troubled center have been center director at their previous center for less than two years.*

Center directors set the tone for the entire center. If center directors keep changing rapidly, staff turnover almost always accelerates. Partly this is because few people crave uncertainty. Partly it is due to each of us having a unique personal management style; most new directors won't have styles that mesh with those of every staff member they inherit.

Center directors are also the linchpin, the primary contact point, the principal source of personal security and confidence for parents (not for children, for whom their lead classroom teacher matters most. But reflect, how many of your lead teachers are around when parents show up at 5:00-6:30 PM with a few minutes to talk?) Bring in a new center director and every time you have a major challenge to handle the transition well, carefully helping each parent build a new trusting relationship.

The people challenge for a growing organization is multifaceted. The boss needs to sharpen her or his selection skills — to identify the characteristics that generally make for success as center directors, program leaders, or other key organization positions. Then the leader needs to make an unwavering commitment to place a top personal priority on this people selection task. No other responsibility should come ahead of this one if you care about the quality of organization you are building. Along with making this responsibility a top time commitment, the wise leader also will secure help in improving personal interviewing skills.

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If you aren't seeing the caliber of candidates you desire, look hard at whether you in fact offer an appealing program, facility, and organizational climate. If those things check out, examine whether your company's image needs some burnishing to make it an appealing place for top candidates to consider.

Few training programs can overcome bad personnel selection. Nevertheless, most organizations begin with no formal training programs. Then, when a few centers are created, occasional teacher in-service sessions occur or perhaps a part-time curriculum consultant is engaged. An organization of 20-30 centers will need more durable and consistent approaches to training *and will need to attend to management development as well as teacher training*.

Management development can successfully take many forms — mentorship, formal seminar style discussions for a few carefully selected potential directors, in-service training to improve the skills of current directors, or conscious overhiring of seasoned managers from outside to build management depth in preparation for expansion. Choose your preferred method or methods, but do it.

Organizational Culture

Perhaps the most subtle challenge is effectively building and transmitting a culture. People want to join and remain with an organization that gets their motor running. What does that may differ from person to person, but usually it is some combination of sound values, a reputation for service quality, a clear sense of direction, fair treatment of employees, the presence of lots of other great people already on board, and healthy growth in organization size and scope. This combination doesn't happen through osmosis. Instead, good culture emerges when leaders project their vision and make a lot more right than wrong decisions.

The trick for many leaders is that, as organizations grow, the leader no longer can be personally present to demonstrate energy, caring, and good practices. The organization simply becomes too large and geographically dispersed for the leader to be or even appear to be everywhere at once.

That doesn't mean you shouldn't try to sustain personal contact, to know and care about as many of your company's employees as you possibly can. Sam Walton got a lot of mileage out of buying donuts and stopping by Walmart stores and warehouses to chat with employees even after his empire grew to several hundred locations.

But personal contact will no longer be sufficient. You have to learn to communicate in additional ways — being accessible by e-mail, personally authoring a newsletter, meeting periodically with center directors as a group, sending thoughtful communications on substantive issues to all staff members, and — above all — by hiring key lieutenants who share your values and goals and can help you project these to the organization.

Culture matters. Great organizations have good cultures early on and keep improving them. Checking the health of your organization's culture at a time of rapid growth and change can be one of the most important tasks you undertake. You probably are too close to it to perform this task objectively. If the culture remains obviously vibrant, you probably don't need to engage in this exercise. But if you and your team have some sixth sense of unease or uncertainty, commission someone to perform such an audit — someone wise and knowledgeable about such matters, and strong and personally secure enough to tell you his or her findings with no punches pulled. Hearing those findings could prove to be the most valuable unpleasant hour you experience this year.