

The logo for 'business map' is presented on a white rectangular background that is tilted clockwise. The word 'business' is written in a bold, purple, sans-serif font. Below it, the word 'map' is written in a white, sans-serif font inside a purple arrow shape that points to the right.

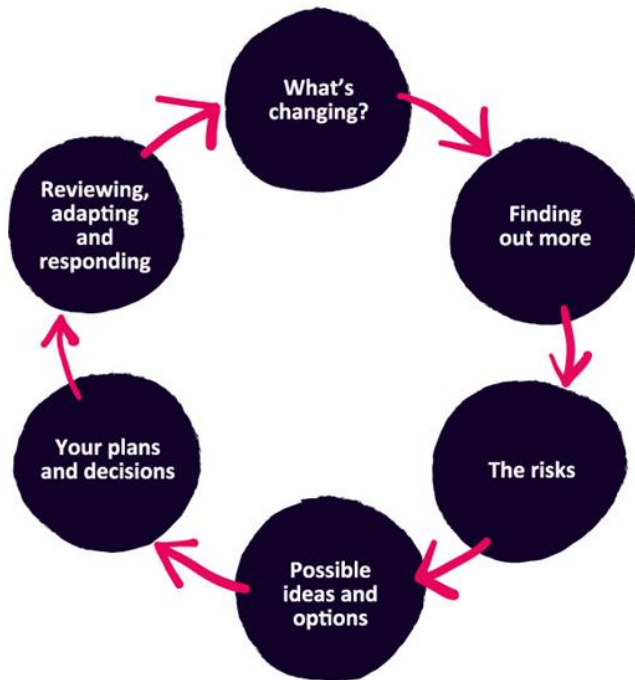
**business  
map**

**Finding out more  
– good financial  
management**

# **Using the Business Map in Wirral**

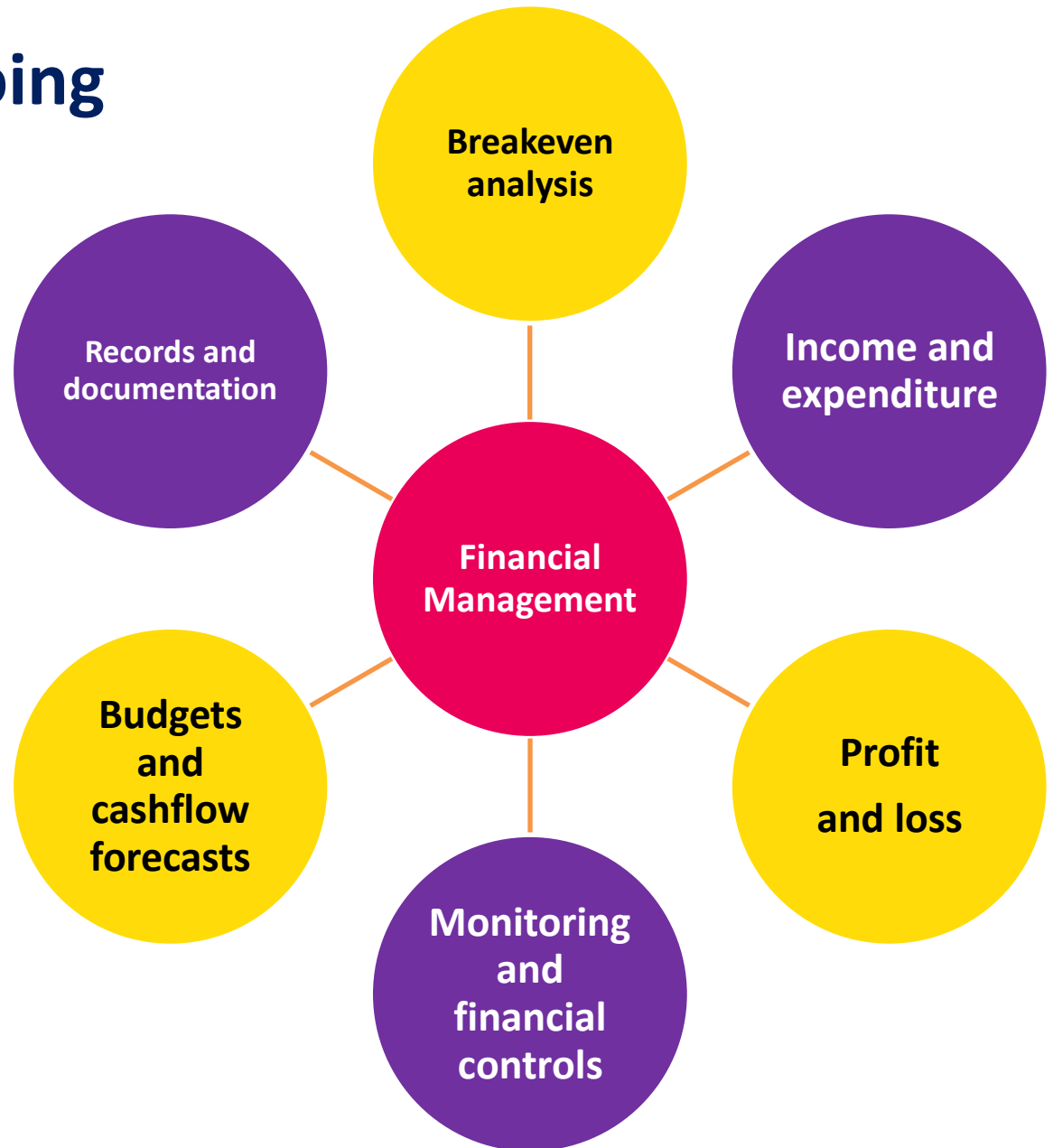
**Jo Pringle MBE  
Autumn 2022**

# ...and six things to do

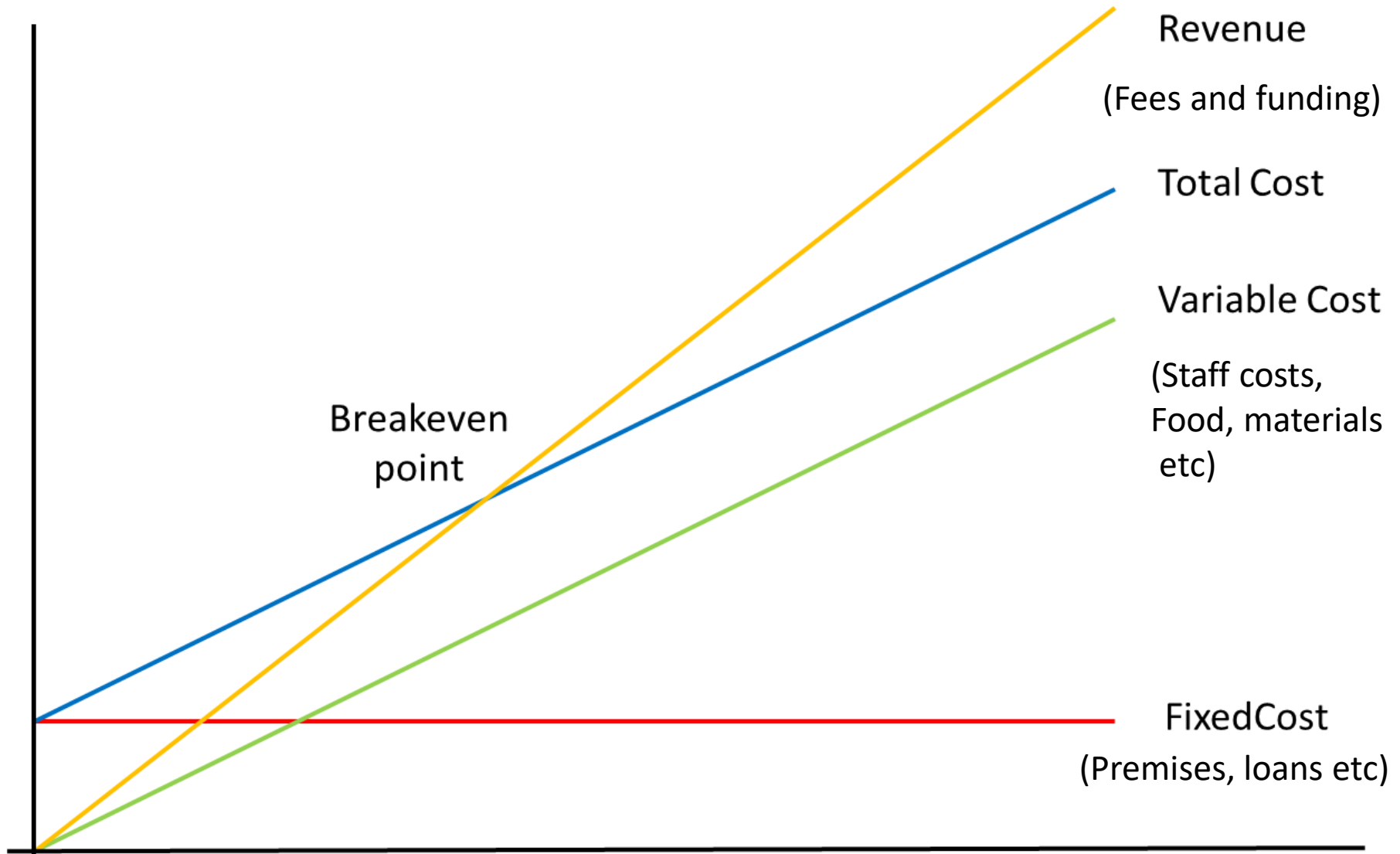


1. 'What's changing' section.
2. **Use tools to 'find out more'.**
3. Identify the risks.
4. Consider ideas and options.
5. Return to risks and think about actions to reduce/remove them.
6. Complete the action plan and monitoring tool.

# What are we going to cover ?



# Breakeven analysis



# Calculating your fees 'breakeven' point

Use your budget to work out what your annual expenditure will be:

$$\text{Total expenditure} \div \text{Number of weeks open (per year)} = \text{Weekly expenditure}$$

The next step is to calculate the maximum sellable hours available each week.

$$\text{Hours per week the setting can offer} \times \text{Number of registered places} = \text{Total number of hours available to be sold each week}$$

Calculate usual occupancy.

$$\text{Total hours available to be sold each week} \times \text{Usual occupancy level \%} = \text{Total number of likely hours to be sold each week}$$

Now work out the price you need to charge each hour in order to break even based on realistic occupancy.

$$\text{Weekly expenditure} \div \text{Total hours likely to be sold each week} = \text{Breakeven hourly rate}$$

# Calculating occupancy breakeven

How many children you will need to attend each week to cover your costs.



## Income

Fees	125,500
Funding	94,400
Fundraising	31,000
Donations	5,000
<b>Total Income</b>	<b>255,900</b>

## Expenditure

Wages	133,500
National Insurance	14,680
Premises	28,000
Utilities	5,250
Insurance	5,160
Training	7,200
Print and stationery	3,750
Maintenance	2,800
Materials	2,400
Toys	2,200
Food	5,500
Misc.	3,200
<b>Total Expenditure</b>	<b>213,640</b>

**Income minus expenditure:**

**Profit/Loss**                      **42,260**





# Monthly budget monitoring

Anytown Childcare						
July Budget	July Actual	July Variance		Year to date	Year forecast to date	Year variance to date

# Other financial considerations

- Financial records.
- Contingency planning and reserves.
- Fee structures.
- Discounts.
- Debt policy.

# Monitoring performance

Measurement	Question	Target
<b>Conversion rate</b>	How many enquiries have been converted into booked places?	<b>% of enquires converted to bookings.</b>
<b>Occupancy</b>	How many places have been filled as a proportion of those available?	<b>% of places filled (per session/week/term) This can include more detail by age of children and in comparison, to previous years.</b>
<b>Paid for income</b>	How much money is coming in from fees?	<b>Target income (per month/term/year).</b>
<b>Funded income</b>	How much money is coming in from funded places?	<b>Target income (per month/term/year).</b>
<b>Staff costs</b>	How much money is paid out on staff employment?	<b>Staff costs as a % of income (ideally this should not exceed 70-75% of income).</b>
<b>Surplus/Loss</b>	What is the difference between money coming in and money going out?	<b>Surplus target as % of turnover/income.</b>
<b>Bad debts</b>	How much money is owed in late fees?	<b>Unpaid fees as a % of income.</b>

# Free business tools

**PACEY 'Group Setting Cost Calculator'**. This calculator developed with London Borough of Merton, funded by DfE, helps to understand the cost of delivering childcare services. <https://www.pacey.org.uk/working-in-childcare/nurseries/group-setting-cost-calculator/>

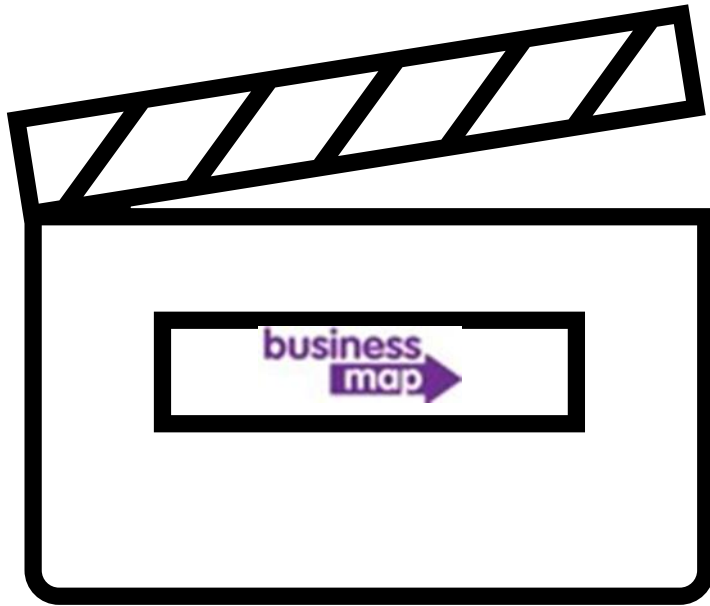
**PACEY 'Business Smart for Childminders'**. Developed by childminders for childminders, a collection of ideas, inspiration and tools to help new and existing childminders develop a sustainable business. Funded by DfE, providers can find top tips, videos, case studies, downloadable tools and other essential ideas to help make the most of their business. <https://www.pacey.org.uk/working-in-childcare/business-smart/about-business-smart/>

# Free business tools

**National Day Nurseries Association (NDNA) 'Business Zone'**. FREE online business support toolkit funded by DfE. It aims to help providers sustain a healthy childcare business, developed by the sector, for the sector. The toolkit includes: Business Appraisal; Financial Management; Staff Cost Calculator. There is a range of downloadable resources.

<https://ndna.org.uk/nursery-business-support-early-years-business-zone/>

# Action



- Complete a breakeven analysis to reflect new funding rates and increasing costs.
- Ensure budget forecasts are based on realistic occupancy.
- Ensure income and expenditure are monitored regularly.
- Understand the impact of discounts on your budget.
- Review bad debt and debt management policy and practice.



**business  
map**

## Using the Business Map in Wirral

### Toolkit contents

- Six video presentations
- Four 'how to' guides
- Downloadable tools
- Additional resources from the original DfE funded Business Map programme can be accessed here:  
<https://foundationyears.org.uk/2021/01/hempsalls-business-map-for-early-years-providers/>