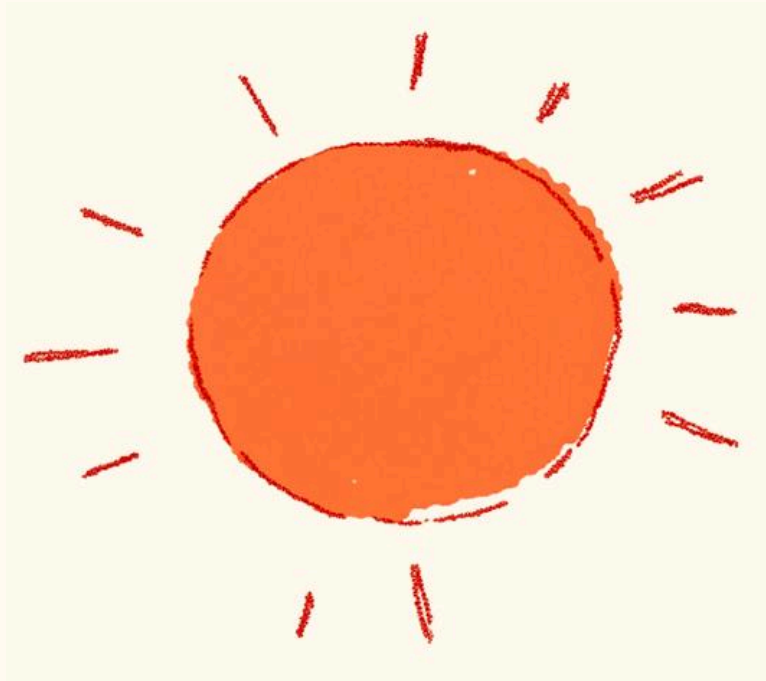


# The Complete Guide to Running a Child Care Business.



Explore strategies, tips, and best practices for running your child care center.



# Introduction

Whether you're a single, family-owned program or manage multiple locations, running a child care business is rewarding work—but certain barriers can put unnecessary strain on both owners and directors. It's an incredibly lucrative industry, with [many parents now paying more for child care than they would for a 4-year college education](#). Overcoming these challenges is key to tapping into growing demand and transforming your child care center into a thriving, impactful business.

Achieving success requires a thoughtful and strategic approach to operating. Equally important is understanding the industry's systemic challenges and adapting to the evolving needs of guardians and providers like yourself. By doing so, you can identify the right tools to help your business thrive.

This guide explores strategies, tips, and best practices for running—and growing—your child care program. If you're asking yourself questions like what technology is right for my center? How can I stop my teachers from leaving? Why am I struggling to boost enrollment numbers? Then this guide is for you.

01. **The state of child care in the U.S.**

---
02. **Before you open: Licensing and getting started**

---
03. **Market your child care center—like a pro**

---
04. **Create a reliable enrollment process**

---
05. **Take the guesswork out of finances**

---
06. **Choose the right curriculum**

---
07. **Staffing, recruitment, and retention: Are your teachers happy?**

---
08. **Which tools are right for your business?**

# 1. The state of child care in the U.S.



The phrase ‘an industry in flux’ has become all too familiar to business owners in today’s world, whether in the auto, travel, or child care sector. Socioeconomic challenges like legislative change, restricted government funding, and the residual impacts of the pandemic continue to affect how providers offer reliable care. But **sixty-five percent of children under the age of five** have all available guardians in the workforce—underscoring how critical child care is for families today.

Despite the many barriers providers face today, demand exists—and likely always will. Child care is a service that cannot be replaced by technological disruptors like AI. However, there is room for innovation and reform to address the persistent challenges that providers face. At the same time, parents are grappling with their own unique challenges in finding and accessing care.

Coupled together, these challenges result in a strained industry with systemic issues. This strain is evident in the numbers, too. **From 2018 to 2022, the annual economic toll of child care in the U.S. surged by 114%**—think lost wages, lost productivity, and lost revenue. The need for change has never been more clear. The solution? Leveraging innovation and technology to support providers in delivering high-quality care, while enabling parents to access affordable, flexible options that meet their child’s needs.

# 2. Before you open: Licensing and getting started

“Get a license...  
before flying”

— Little Bird



**Requirements and regulations vary among states**—it’s important to know exactly what applies to you. To protect yourself and your business, it’s also crucial to research and secure the following coverage: liability insurance, property insurance, and malpractice insurance. These will keep you financially and legally protected in the event something goes awry.

Next, a business plan. It’s the north star of your daycare and lays out a framework for successful operations. Your business plan should explore things like logistics: where will your center be located? What hours will you operate?—along with pricing structure, center capacity, and what age range you plan to cater for. Above all, your business plan should ask and answer the question: *what makes my center unique and sets me apart?*

# 3. Market your child care program — like a pro.



With these in place, providers should consider how to stand out in a competitive market. Parents are spending a lot of money to find care for their children, and you must focus on building connections with prospective families. To do so, effective marketing is key.

Addressing and understanding the issues that exist in the industry today is the first step. The second? Taking practical, actionable steps to show you're the right choice. When parents find your center, you need to answer the following questions—for yourself, and for them:

- ✓ 1. **Why is your center the right choice?**
- ✓ 2. **What do you offer that local competitors do not?**
- ✓ 3. **Do you have any specialized programs in place or unique curriculum offerings?**
- ✓ 4. **How long is the waitlist?**

A good marketing strategy helps to establish rapport with members of the community, showcase your unique approach, but most importantly, ensures you'll attract the right families and fill open seats at your center for years to come.

In our increasingly digital world, an online presence is non-negotiable for reaching the right families. However, there are some more traditional methods you might consider too. Here's how to get started:

- **Create a website:** Your website is usually the first touchpoint for a prospective family. It should communicate your mission, your values, and showcase your center in the best light possible. Think about what you'll include—images, videos, or testimonials are all good.
- **Spread community awareness:** Don't underestimate the power of community. Attend community events, partner with other centers in the area for enrollment partnerships (if they're full, they'll refer you and vice versa), or host an open house so others can get to know you, your program, and your approach.
- **Harness the power of social media:** Social media is a powerful tool for reaching others—whether it's Facebook groups, messaging boards, or an Instagram page, let people find you and see your value.
- **Rely on word of mouth:** It's an age old adage: good news travels fast. When you offer something that other families love, they're likely to share it with friends and family. Word of mouth is the original social media—don't forget that. One solid referral can have a trickle down effect on a whole group of friends. You may even consider offering discounts or promotions to maximize the power of referrals and incentivize families to promote your center.
- **Prospective family nurturing:** Engaging prospective families through automated follow ups keeps you top of mind. Include testimonials from existing customers, photos and

videos, or anything that shows your center in the best light. Whether they've booked a tour, filled out an inquiry form, or taken another step, you can set up different email campaigns based on a parent's interactions with your marketing efforts. Automatically move families toward enrollment and even reengage those that weren't the right fit previously.

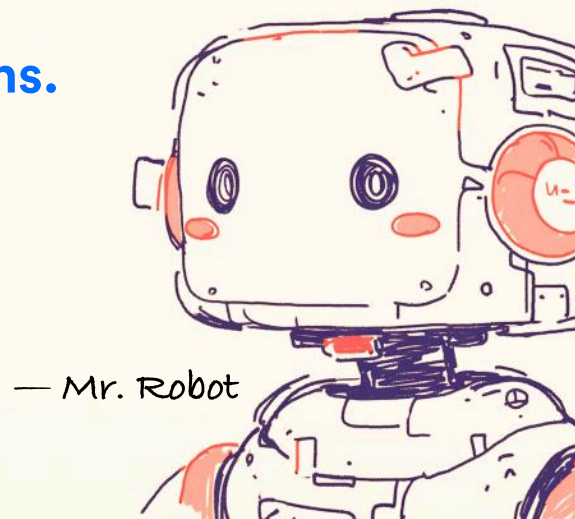
- **Digitized enrollment processes:** Following a tour, you can automatically send families instructions for completing required enrollment materials—no paperwork. Save your staff from having to chase up missing documents by relying on automated emails to let families know there's an outstanding task required. Automating this side of things means you can put more focus on creating the best welcome experience. Plus, it gives parents a smooth, professional experience they'll appreciate.

## Automate your marketing. Build stronger customer connections.

Marketing automation helps child care leaders simplify the enrollment process. Tools like customer relationship management (CRM) systems make it easier to turn prospective families into enrolled ones. Quick responses to inquiries not only improve family satisfaction but also increase the chances they'll choose your center. But what exactly do these tools offer, and why should you consider using one?

- **Simpler tour booking:** Make it easy for prospective families to schedule a tour at your center without sifting through emails and responding to each inquiry manually. You can set capacity limits for each available tour, and once a time slot is filled, automatically remove it from your booking system. The right CRM tool will also allow you to easily embed scheduling links into any website.
- **Automated workflows:** Once a tour is booked, automatic triggers send an email or text to a family that's booked a tour to share more about your center and next steps. Set it and forget it—once your automations are in place, each new family or inquiry will automatically fall into the same flow of communication.

*"I can make life  
easy for you"*





# 4. Create a reliable enrollment process



Without healthy numbers and a reliable enrollment process, a child care business can't thrive or grow. In this section, learn to navigate common challenges providers face today and explore best practices for instilling confidence in your enrollment process.

When parents set out to find the perfect provider for their child, there are some major factors involved in the decision-making process. It can feel like a bit of a challenge to navigate this, but it's really about understanding what priorities are top of mind for parents today:

- **Costs:** Many families are opting for a permanent stay-at-home parent because the cost of child care is just too high. Many parents are also resuming in-office work and care is now an essential need. Consider how to strike the right balance between offering affordable, reliable care while maintaining profitability and growth.

Throughout this guide, we'll share actionable tips on how to offer affordable care without eating into your bottom line—from diversifying your program offerings to using subsidies.




- **Competition:** Unless you're operating in a child care desert, there's likely some competition nearby. Think about how you can best meet the unique needs of your community in ways that other centers can't. You might consider introducing a specialized program, offering a different curriculum to local centers, or bilingual care if you're located in a more culturally diverse area.
- **Seasonal Influence:** Seasonal influence is inevitable – but there are ways to adapt. To weather these variations, you can offer seasonal programs or camps that better meet the needs of your families. Also, consider running year-round marketing to help keep enrollment levels up, even during historically slower months.

## Strategies for boosting (and maintaining) enrollment.

### Listen to feedback, communicate honestly, and make improvements

Actively seeking feedback from guardians and incorporating this feedback demonstrates your commitment to meeting their needs, and in turn, reflects your commitment to meeting their child's needs. Whether it's a periodically distributed survey or 1 on 1 conversation, parents will appreciate feeling included in tailoring your program to their child.

Building trust with parents is key to retaining families that are already in your program. Regular, open communication helps parents feel informed and involved. Remember—parents are likely to share their opinion on your center with their friends and families, so a poor experience can have a lasting effect on your enrollment numbers.



**Consider: Daily or weekly updates on student progress only strengthens this relationship with families. The best way to facilitate this communication is through a child care management software. These allow you to provide real-time updates, photos, and messages in a social media-style format.**

### Create a welcoming environment

The environment you curate for your students plays an important—if not, the most important role. A welcoming, safe, and stimulating atmosphere encourages families to remain part of your community.

- **Inviting physical space:** Keep a clean, safe center equipped with age-appropriate materials. Bright, cheerful settings with engaging learning areas will make a positive impression on both children and parents.
- **Inclusive community building:** Organize quarterly events that bring families together, like family nights, cultural celebrations, or parent workshops. Building a community at your center will bolster loyalty and a shared commitment of the children's well-being.

### Consider what your curriculum will include

We'll dive into curriculum later on in this guide, but the right, engaging curriculum that addresses social, cognitive, and emotional development of children is crucial to strong enrollment numbers.



# 5. Take the guesswork out of finances

Managing finances is often the unseen but most time-consuming part of running a child care center—it's work that parents and students rarely notice but is essential to keeping your business afloat. From setting tuition, creating invoices, and running staff payroll, effective financial management is critical for the sustainability of your center.

However, it's also one of the areas most complex and error-prone. Precise financial management is essential to ensure costs are covered while maximizing profitability. In today's challenging economic environment, there's simply no room for error.

Beyond keeping your doors open, efficient billing practices and on-time payments help to maintain positive relationships with families and can help reduce administrative overhead.

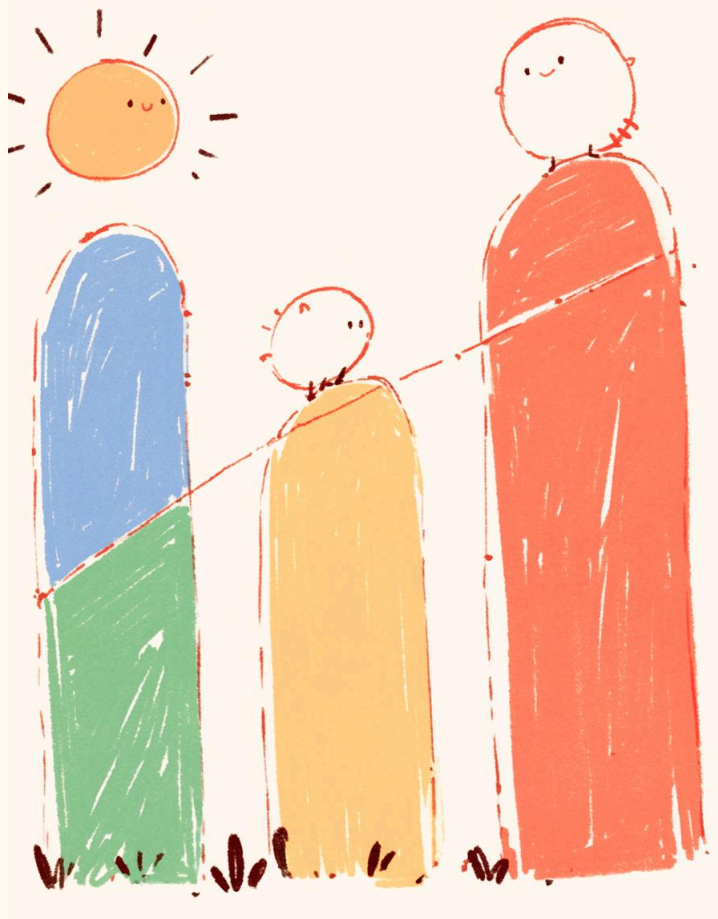
Here's how to get started:

## **Billing cycles, payment terms, and late payments**

Consistent billing cycles and clear payment terms are essential to avoiding payment hiccups, which can affect revenue. Make clear the frequency of your desired billing cycle—whether weekly, bi-weekly, or monthly. Remember, bill families ahead of care and not after the fact to create a more predictable cash flow and avoid chasing payments.

No two families have identical needs, so offering flexible payment options can help accommodate a variety of family situations. That said, it's essential to ensure financial stability. Implementing a late payment policy not only encourages timely payments but can serve as a secondary revenue stream when delays do occur.

Though you can reduce late payments by implementing automated reminders and upcoming payment notifications. A clearly outlined and communicated late payment fee structure will help keep parents mindful of potential repercussions too.



## Tuition rates

Determining appropriate tuition rates is a crucial first step to success. Think about factors like the age range of your students, the number of days they attend, and any additional services you provide. The tuition you collect will need to cover expenses like any rent or facility costs, staff payroll, supplies, and more, so take the time to think about this carefully. Communicate these rates clearly to parents, and consider a section on your website dedicated to outlining tuition costs and what this includes.

For parents who might require support, sliding scale fee structures can help. Adjust fees based on family income to ensure accessibility for lower-income families, supplemented by revenue from higher-income families.

To learn how to set the most accurate tuition rates, explore [The National Database of Childcare Prices \(NDCP\)](#)—the most comprehensive source of child care prices at the county level.

"You're  
missing a lot  
of  
opportunities"



— Little  
Jimmy

## Financial opportunities for providers

While the above practices can keep day-to-day finances running smoothly, there's other opportunities for providers to maximize financial gain.

### Subsidies

Subsidies can sometimes feel more trouble than they're worth—especially as the true cost of infant care is **43% higher** than the reimbursement rates provided through the child care subsidy program.

For providers that do decide to accept subsidies, they can feel like an admin headache. When a student's subsidy doesn't cover the entire tuition, a small balance is left for the parents to pay, and it's on the provider to make a decision about how to communicate this and collect. This can result in a moral dilemma... do you waive it? Set up a more formal tracking system? Remind parents personally? Delayed subsidy payouts can disrupt cash flow, and keeping track of different co-pays for different families adds another layer of complexity.

Learn more about the different types of subsidies available [here](#). Plus, see how to help parents access subsidies and explore tools you can use to manage the process.



If you invest the time and effort to understand subsidies, you'll be empowered to make an important difference in the lives of the families that need them. Ensure that your billing system can accommodate these subsidies and vouchers seamlessly. A provider that can confidently work with subsidies makes high quality child care more accessible and creates a reliable revenue stream for their business.

### Creating additional revenue streams

But it's not just subsidies that can supplement your revenue. Consider diversifying revenue streams by offering care options beyond full time:

- **Part time and drop in care:** Stay flexible for parents whose schedules are unpredictable by offering either part time or drop in care. You might even consider offering care on weekends during busy holiday periods or times when parents might need that extra support.
- **Before and after care:** Extend your services to include before school and after school care. This allows working parents to rely on you for consistent support all day, while also offering children a safe and structured environment to start and end their day.
- **Enrichment programs:** Specialized activities like art classes, music lessons, physical activity, or STEM programs can be charged separately and provide children with valuable opportunities to explore their interests while creating an additional revenue stream for your business.
- **Summer and holiday programs:** Summer can be a time of well-deserved relaxation for many providers—but many parents don't have the luxury of taking time off to spend with their children in summer. Summer care ensures you're collecting revenue year round, and parents can rely on you throughout the entire year.
- **Academic support:** Some students might require a little extra attention for certain curriculum topics, or just in an educational setting overall. Consider outlining costs for extra care in your fee schedule for those students who need additional support outside of your set care hours.



# 6. Choose the right curriculum

Choosing a child care curriculum is one of the most rewarding things you can do for the kids in your care. A well-thought-out, intentional curriculum helps your instructors fill up the day with enriching activities and lays a positive foundation for your student's future.

Your curriculum empowers you to put development at the forefront and help your kids hit important milestones as they get ready for kindergarten. It's also an opportunity to differentiate your daycare from your competitors. When parents see that your program is uniquely tailored to their child's growth, they see a provider they can trust.

The right curriculum includes a mix of essential ingredients, including:

- Developmental domains (like physical, emotional, cognitive, and social skills) ensure you're helping kids blossom in every way that matters.



- Lesson plans give a daily play-by-play, turning big goals into manageable, fun activities.
- Hands-on activities are where kids can express themselves through painting, block building, or nature walks.
- Assessments are ways to check if the children in your care are hitting milestones.

Your curriculum is a major reassurance for parents. By aligning yours with state standards and parental expectations, you're showing them you're on top of your game and serious about their children's future.

Go the DIY route or take the pre-made shortcut? It's a big decision, and there's no one-size-fits-all answer. Your choice depends on your center's needs, your team's expertise, and how much time and money you have to work with.



## Creating your own curriculum

Does building a custom-made curriculum sound right for you? There's a lot to love about the self-serve approach.

- **Total customization:** If you want to weave your center's values and favorite teaching philosophies into every activity, creating your very own curriculum could be right for your center.
- **Built-in flexibility:** If you have a mix of toddlers and pre-K students with different needs, a custom curriculum can adapt and grow alongside your little learners.

**The caveat:** Creating your own curriculum is incredibly time-consuming. There's a steep learning curve to ensure your plans are developmentally appropriate.

## Using a pre-made curriculum

On the flip side, pre-made curriculums are tested, polished, professional, and ready to go.

- **Expert-approved:** Most pre-made options are research-based and built by early education experts, so you know it's top-notch.
- **Time-saving magic:** Instead of spending hours devising lesson plans, you'll have a wealth of ready-made activities, teaching guides, and training resources.

**The caveat:** While pre-made curriculums can save you time, they may come with a higher upfront financial investment.

**Want a deeper dive? Get a free copy of our detailed, step-by-step guide for choosing the right curriculum.**



When hiring staff with little to no prior experience, it's often most effective to use a structured curriculum that provides clear guidance for teachers. However, if you are fortunate enough to recruit teachers with substantial experience and education, you can afford to offer them more autonomy in their work—thereby increasing staff satisfaction. In these cases, employing a pedagogical approach instead of a fixed curriculum may be more beneficial. Pedagogy refers to the methods or practices of teaching that underpin the design of curricula. For example, the Creative Curriculum is a structured model that provides step-by-step guidance for educators, while the constructivist Reggio Emilia approach is a pedagogical framework that prioritizes giving young children greater agency in their preschool education.

**The Development-Interaction Approach (The Bank Street Method):**

Focused on social-emotional development, this method integrates play and academics, emphasizing experiential learning and the whole child's growth.

**Self-Directed Discovery (The Montessori Method):**

Child-led approach encouraging independence and hands-on discovery using carefully designed materials.

**The Self-Directed-Developmental Approach (Reggio Emilia Pedagogy):**

Collaborative and community-focused, this philosophy lets children explore their interests in creative, flexible environments.

**Play-based Learning (The Waldorf Approach):**

Rooted in imagination, Waldorf education emphasizes rhythm, creativity, and holistic development.

Which one speaks to your center's goals? You don't have to decide on just one. Maybe your perfect curriculum is a blended approach.

# 7. Staffing, recruitment, and retention: are your teachers happy?



Poor hiring decisions can ripple through every aspect of your business. On top of this, high staff turnover or unhappy, unsupported teachers can affect the success of your program, ultimately impacting student growth and making it harder to attract new enrollments in the future. Staff turnover is a costly expense—in fact, it’s a financial burden. Recruiting and training employees is an expensive task, and it’s critical to ensure you’re putting resources into the right people.

Beyond the cost, spending time and effort onboarding the wrong people eats into your productivity levels and takes away from other high priority tasks.

If you’re consistently hiring the wrong people, staff morale will take a hit too. Your most trusted employees will likely lose faith in your ability to find the right teachers if turnover rates are high, and as a result, you risk losing them too. As a leader of the business, employees will look to you for confidence that you’re well-staffed, well-resourced, and

they have fellow colleagues they can rely on. While hiring the right people is imperative, ongoing support for existing employees is also key. As a leader of the business, employees will look to you for confidence that you're well-staffed, well-resourced, and they have fellow colleagues they can rely on. While hiring the right people is imperative, ongoing support for existing employees is also key.

## Did you know that 45% of employees will stay at your business longer if they have a clear training and development path?

The best strategies for hiring and retaining the right staff starts from the top down. If leadership is not clear, focused, and dedicated to making staffing a top organizational priority, your business will continue to face turnover. Ensuring current staff are growing and learning as much as they can is also key to success—whether that's through upskilling, cross-training initiatives, or self-guided skill development courses.

### Set staff up for success from the start

A positive recruitment process will show prospective employees that you're an organized and thoughtful business leader. It'll also assist you in weeding out candidates that just aren't the right fit for you.



#### Clear communication during the recruitment process

Setting expectations improves hiring outcomes and ensures you're hiring staff that are committed to growing their careers along with your business.



#### View the hiring process through a wider lens

While you look for full time employees, consider which candidates would be suitable for a substitute pool if they aren't exactly the right fit.



#### Rethink your approach to scheduling and working hours

Many prospective employees are balancing finding work with finding care for their children. Are there opportunities to offer flexible work? AM and PM shifts? Think outside of what you're used to.

# 8. Which tools are right for your business?



All of this to say, the processes and strategies you implement are only as effective as the tools that support them. But with so many options available—billing tools, enrollment tools, payroll tools, and more—where do you begin? The key to success lies in finding a comprehensive child care management tool that provides all-in-one support for your entire business, end to end.

**When looking for a tool to run your business, consider these top qualities to unlock success:**

**1. Strengthens your marketing efforts:** Finding new students and filling available seats shouldn't take more time than actually nurturing and educating. Managing customer relationships is one of the most important tasks you handle—when you automate the process, it's easier for people to find you. Whether it's creating a website, setting up automatic communication flows—like triggering a pre-written email or text when a prospective family fills out an interest form—tools like Playground have powerful marketing tools embedded right within the software.



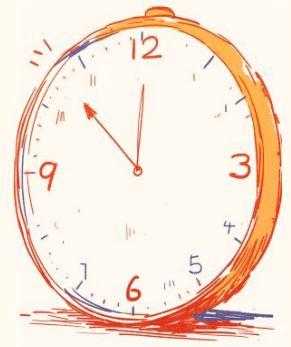
**2. Simplifies enrollment:** Managing enrollment shouldn't be an overwhelming task. A great tool allows families to complete the enrollment process online. This streamlines the experience for both you and the families, reducing manual input, paperwork, and ensures you have everything you need to keep your center compliant and organized.

**3. Makes billing a breeze:** The ideal solution automates the process for charging application fees, enrollment fees, or tuition deposits as soon as a new family applies for your center. Tools like Playground kickstart the billing process right from the application stage, which sets the tone for your relationship with families moving forward.



**4. Supports payroll:** Some tools won't offer you the ability to run payroll and figure out taxes—and jumping between a financial management software and a child care management software can take up a lot of time. Take full control of your payroll process with a holistic solution that does the heavy lifting for you. For example, Playground allows you to track staff hours right within a desktop app, and automatically run payroll based on these clock-in/out times. It'll even calculate your taxes, file them, and supply your employees with the right documents.

5. **Saves time and money:** Ultimately, spending money on a new tool needs to make sense for your business. The right choice doesn't need to be a major financial investment, but should serve as an extension of your operations—saving you time and money, which can be reinvested back into your students and center.



**“Playground saves us close to \$2,000 a month, which we can reinvest into our staff and program”**

— Jermaine  
Director, Little Minds Universe



# Contributors

Thank you to our contributors for helping to create The Complete Guide to Running a Child Care Business:

## Author



### **Dr. Tamar Andrews**

Dr Andrews is an early childhood educator, professor, and author with 30+ years of experience in the field. She is the director of Early Childhood Programs at the School for Jewish Education and Leadership at American Jewish University and has held various positions at UCLA Graduate School of Education and Information Studies and California State University.

## Writing and Editing

### **Daniel McDonnell**

Marketing at Playground



Future-proof your child care business with Playground—the true all-in-one tool designed to simplify your operations and drive growth. Ready to discover how we can help your business thrive?

[Book a Demo](#)