Case Study

ABC Childcare

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To

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By

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Early Care and Education (ECE), often referred to as preschool, child care, or daycare, is a critical component of expanding educational equity and opportunity by providing children with a strong beginning and foundation in formal schooling. Numerous longitudinal studies indicate that participation in high quality early education programs can result in positive academic, health and social outcomes for children who attend (Barnett, Jung, Youn, & Frede, 2013; Campbell et al., 2012; Campbell, Ramey, Pungello, Sparling, & Miller-Johnson, 2002; Schweinhart et al., 2005). State regulated, child care centers typically provide care and education for children between the ages of six weeks to five years of age. Some programs provide before and after-school care for elementary school-aged children. Child care centers are typically categorized as for-profit or not-for-profit, and can be sponsored by corporations, institutions of higher education, co-operative organizations, faith based organizations, and agencies of the state.

The quality of all early care and education programs is directly related to the quality of the staff providing services and their formal education, training, and understanding of child development as well as their ability to transfer what they have learned into effective practices in the classroom. State regulations typically determine levels of formal education required for an individual to become a lead teacher, assistant teacher, or teacher’s aide in particular age-groupings in these settings. In addition, states will set requirements for minimum initial orientation to the setting and ongoing annual professional development. States also determine and approve the delivery systems for training and typically the trainers and even the trainings themselves. Gaining staff buy-in to ongoing professional development is not only a regulatory issue and a quality enhancement issue that must be considered when planning professional development efforts, but can also become a personnel issue if not complied with adequately.

Social System

ABC Childcare owns and operates 135 child care centers and before and after-school care programs in eight states, employing around 3,200 full-time program administrators, full and part-time lead and assistant pre-school teachers, bus drivers, cooks, after-school teachers, managers, and executives. ABCs main offices are located in South Carolina, and house the CEO, two Vice Presidents of Operations, a Chief Academic Officer, and Human Resources, Marketing, Finance,
Technology, Facilities Management, and Operations departments. Supervised by the two Vice Presidents of Operations are 13 Regional Directors, each overseeing the operation of between five to 14 child care centers in geographically designated areas. Regional Directors maintain offices in their homes that are typically located central to the centers they oversee. Each center employs a Center Director, Assistant Director and on average, 15-30 staff members.

Center Directors manage child care centers under federal regulations related to recruiting, hiring, non-discriminatory practices, and service provision regulations. Unless a program funded by federal dollars exists within a particular building (e.g. Head Start, Child and Adult Care Food Program), federal regulations do not extend to the educational and operational services provided. However, the state the center is located in regulates licensing and operations requirements such as staff to child ratios, administrators and staff education, ongoing professional development requirements, programming, transportation, and safety requirements. Local governments may also regulate certain areas of operations such as fire, and zoning. Of course, families who use the services provided, have expectations for their children’s programs and their expectations often influence and occasionally clash with regulatory or corporate policies and requirements. Centers may offer academic programs and curriculum of their choice, however many states regulate aspects of its delivery such as schedules, outdoor time, and equipment levels.

ABC Childcare was founded twenty-five years ago and family operated until two years ago when it was sold to a group of investors. A new corporate structure was implemented at that time and for the first year a number of key executive positions were established and individuals were hired and some promoted to fill those positions. One of those positions was that of a Chief Academic Officer (CAO) who not only oversees academic issues related to the children’s education, but also professional development for administrators and staff. This position was filled from outside the company. It is this position that initiates and manages change efforts related to both the children’s education and staff development. Over time, other executive and management positions have been vacated and refilled so that currently the company is a mix of individuals who have a long term history (some twenty-five years) with the company and shorter-term employees.

**Social Network**

The primary audience for the professional development change effort that is the focus of this paper are the Center Directors, Assistant Directors, and staff employed by each of the
company’s 135 child care centers. Each of the centers and its employees are supervised by a Regional Director, who works under the auspices of one of two Vice Presidents of Operations. The Vice Presidents report directly to the CEO. The various departments within the organization support and advise the centers in a variety of ways related to their individual functions and corporate policies and procedures. State and local regulatory agencies provide a framework for the overall health and safety standards the organization must ensure are met by the facility and operation of the businesses. Federal standards that must be met are primarily focused on employment law, worker’s comp and non-discriminatory services, unless the center houses a Head Start Program, or offers the Child and Adult Care Food Program (CACFP). If so, these federally funded programs have a separate set of standards to follow and are typically overseen by a separate state agency funded by federal dollars. Families who enroll their children also have expectations related to the care and education of their children. Meeting their expectations while maintaining a balance with corporate policies, Federal, State, and local standards and the needs of center staff is a critical balancing role of the Center Director.

It is important to establish that job turnover in the field is well documented to be very high. It also appears to be a strong indicator of program quality. Teacher turnover has been found to prevent children from developing a secure attachment with teachers and negatively affecting children’s social, emotional, and language development (Cassidy, Lower, Kintner-Duffy, Hegde, & Shim, 2011). The average annual turnover rate for the early care and education workforce has been reported to be between 25 and 40 percent (USDOL, 2011). The alarming turnover rate has been attributed to low compensation, lack of benefits, practitioners’ lack of meaningful and high quality training, a lack of formal education, the work environment, and personal characteristics of both the supervisor and the workers. (Porter, 2012).

Communication

Formal communication at ABC Childcare is primarily a top-down effort. Policy changes are made at the executive level with input from the various department heads, which may include input from regulatory and standards changes along with less formal information collected from interactions with operations management during the normal course of business. Policy decisions and changes are disseminated via email to operations, after being passed through the Marketing Department for wordsmithing. Monthly Regional Meetings serve as a vehicle for supportive formal communication with Center Directors, who then meet with staff on a monthly basis to
disseminate information regarding policy changes that would affect their work. In addition, regulatory visit results regarding a center’s operations is an ongoing source of input as well as Regional Director visits. The company also sponsors a Facebook page that provides general information for families and allows families to comment about their experiences or ask questions.

Informal communication, that which occurs outside the organization’s established channels of sending and receiving messages, may occur at any level of the organization. One-on-one conversations occur daily between staff, administration, and families at the center level. Some of this information may become input for a Regional Director, who might pass it on to the VP or a department head while seeking additional information. Informal communication occurs at monthly meetings as Center Directors interact with one another, and at bi-monthly meetings when Regional Directors interact with one another. Informal communication is frequently as important in maintaining interpersonal relationships and networks that facilitate getting work done as formal communication (Boundless, 2016).

Family concerns are typically handled at the Center Director level. Should the issue not be resolved at that level, the Regional Director will enter the conversation to help resolve the situation. Should a resolution not be reached at the Regional level, the appropriate department head will become involved to seek an agreeable resolution. There are times that families, for one reason or another, call or email their concerns directly to the home office without speaking to their Center Director. These concerns are passed back to the Regional Director to manage on a local level.

The graphic on Appendix A depicts the various components of the social network and their relationships. The business itself exists in a highly regulated environment. One small regulatory change can have significant consequences throughout this system. Corporate policy changes can significantly affect the individual employee and the families that make up the center’s clientele.

**The Innovation**

For the previous twenty or more years, ABC Childcare has closed their centers on Columbus Day each year to conduct a full day of training. It was billed as a training conference and employee appreciation luncheon. The conferences were typically held at a nice hotel centrally location in each state. Employees were personally welcomed by a company executive,
provided with a special tote bag full of goodies and a logoed shirt each year to commemorate the event. They were allowed time to network during the day and treated to a catered lunch. It was considered a paid professional development day. This training fulfilled a large proportion of the professional development needs for most employees. Center or Regional directors would then arrange for other face-to-face training hours to meet individual state requirements for staff or specific needs of a particular area. One year following the change in ownership, the CAO sent out a memo announcing that rather than the annual training conference, the company was now contracting with an organization that provided on-line training nationwide to fulfill its employees’ professional development needs. Columbus day would now be a regular workday and centers would remain open. The following guidelines were included:

- ABC would pay for the training through the authorized e-training provider
- ABC would select the training topic to be taken
- All employees were to take the given topic as directed by the CAO, if they elected to take a different training they were required to pay for it themselves
- On a rotating basis, Regions would be assigned two months during the year when their staff could take their training
- Employees could only participate in the training during their Region’s assigned months
- Staff would be paid the national minimum wage for the hours assigned to the training by the training provider
- Directors were encouraged to schedule staff so that training would not cause employees to work more than 40 hours per week to avoid overtime pay

Regional Directors who supervise the centers were given no advanced notice about the change and therefore had few answers for the myriad of questions they were barraged with by their Center Directors. It was only after the CAO was inundated with calls and e-mail from the Regional Directors regarding the change that a conference call was scheduled to try to clarify the issues which were numerous. During that call, the CAO cited the following reasons for the change:
• Inconsistent follow through on curriculum implementation throughout the company’s centers. The solution was for all staff to be trained on the same content within the same six-month period.

• Costs associated with closing the centers for a day and providing eight conferences on that day had grown prohibitive. The use of the on-line provider was estimated to reduce professional development spending by 40%-50%.

• Payroll costs related to training had risen significantly. Hourly payroll expenses for staff are the most significant controllable line item for the center budgets. Reducing staff pay to minimum wage for training hours would reduce payroll overages resulting from training hours.

• The last six weeks of each calendar year are historically low enrollment periods and therefore low income for centers. This is also a period of high labor for training hours as staff are urged to complete required training hours before the end of the calendar year, ballooning payroll far beyond budgeted spending. Controlling the months that each Region’s employees could access the training would serve to level the professional development cost factor and spread it more evenly over a twelve-month period.

In general, the attributes of the proposed e-learning innovation were that it would provide consistency in presentation of information, is cost effective, accessible, and a time saving solution. ABC is about eighteen-months post implementation. Authority innovation-decisions such as this, or those organizational decisions made by relatively few people with power in a system, are decisions that must be complied with by the organization’s employees (Rogers, 2003). However, to date, there has been little progress in diffusion and a number of unintended consequences that have surfaced. A variety of systemic, technical, and personnel issues have proven to be barriers to successful diffusion. A number of action strategies have been undertaken to offset several of these and will be discussed in the next section.

Discussion

Technical. A number of unanticipated outcomes related to technical issues surfaced, including accessibility. There were numbers of employees, mostly long-term and older individuals, who did not have e-mail addresses and lacked computer skills. The learner’s email was the identifier used by the training provider’s system. It was easy enough to obtain email
addresses for these individual’s however, accessibility and a lack of computer skills was a different matter. The centers themselves each had only two computers, neither of which could be accessible for training while the centers are open due to their work-related functions. If these individuals were able to locate computer access at a library or elsewhere, they had a huge learning curve just to be able to use the computer. In addition, each training required two to four hours at the computer along with the later submission of a written plan of action to be graded following completion of the content portion and before a certificate would be issued to the learner’s email. There was a great deal of anxiety among those who were not comfortable with computers and realized their jobs were in jeopardy because of it. Additionally, e-learning is not for every learner. To be successful one must have at least basic computer skills, be a proficient reader and communicator, be self-motivated, responsible, and able to work independently (Clark & Mayer, 2008). That was not the case with around 5%-10% of the staff involved.

Although the training provider had all of the classes approved through the state systems, the topic hours were not in sync with each state’s requirements. For example, in Georgia, four hours of health and safety training are required. The generic course the provider offers is only two hours in length. In addition, there were a number of orientation, transportation, nutrition, and food service topics that states required that were not available through the training provider. Alternative methods of obtaining these courses had to be considered and arrangements made adding to the training expenses. In effect, the outcome was that state required training was being forgone for the two courses a year that the CAO determined would support her effort to gain consistency in program implementation across the company. An unanticipated consequence was that numbers of center staff were not obtaining state required training across the company. At the end of the year, 103 or seventy-six percent of the centers received warnings or write-ups from state regulatory agencies for their staff and Center Directors not complying with state training requirements. It appeared that even basic training requirements were not being met by the new approach.

A number of action strategies were undertaken at the beginning of the second year to remedy these issues. A list of required trainings, their state required content and hours need was compiled and transmitted to the training provider for future development. The restrictions on when employees can access training were lifted. They can now access training any time during the year. The restriction on what courses they can take has been lifted and employees can now
choose the courses they need and take up to the minimum required hours required by the state they are located in at the company’s expense. Training compliance monitoring has been added to the newly created technical assistance providers’ job tasks. The training provider now generates a center by center monthly print out for each Regional Director listing the courses taken by employees. Previously on the CAO had access to this information. No action was taken regarding accessibility or obtaining computer skills.

**Personnel.** Much as expected, there was immediate resistance to the change in procedure in most areas. Long-term employees had come to look forward to the Professional Development and Employee Appreciation event. It was a paid day away from the centers, a nice luncheon, tokens of appreciation for their hard work, and networking opportunities they had come to look forward to that had been taken away. The reduction of pay to minimum wage during training hours was viewed as an insult and served as a deterrent for employees obtaining training. If they did, their paychecks would be lower as they had been warned against working over 40 hours in a week. Morale was affected by the change. Exit interview surveys provided evidence that some staff members worked to the end of the year, then left and obtained employment elsewhere when their training deadline was reached rather than take the pay cut to complete the training. This contributed to the already high staff turnover rates experienced by ABC Childcare. Staff turnover rates in general were an issue because training hours and knowledge walked out the door with them when they left, leaving the Center Director to start all over and repeat new employee training time and expenses with each replacement.

To date, ABC Childcare has failed to address the pay rate reduction for training hours. It has not been recognized as a contributing factor in lower staff morale and consistently rising staff turnover rates. However, it appears that it could be an indirect consequence. They have initiated a one-time per year employee appreciation gift. The first was a fleece blanket-throw with the company’s logo embroidered on it.

**Systemic.** The size of the organization is generally linked to the innovativeness of the organization, with larger organizations being more innovative than smaller organizations (Rogers, 2003). ABC Childcare is not a large organization and runs on a very lean budget. There is little organizational slack and times during the year when the accounts payable department postpones payments until certain funds are received. Management bonuses, which are due six-weeks after the end of a quarter are often disbursed late. Cash flow is a consistent
concern, in part because there is a significant dependence on tuition funding through state welfare agencies, and those funds transfers are often late.

Rogers (2003) describes centralized organizations, or those where the power is concentrated in the hands of only a few individuals with little knowledge of operational issues as being negatively associated with innovativeness. This organization has a centralized structure. Although the Regional Directors are located geographically close to the centers they supervise, the Vice Presidents of Operations must be consulted and approve nearly all decisions made related to facilities, personnel, and parent concerns. All spending is tightly controlled. The Center and Regional Directors do not have the power to make a job offer without the approval of a VP and the personnel department. Building and vehicle repairs must be approved through a similar process. There is little authority at the field level to make decisions that directly affect operations. This centralization will influence innovativeness.

All management payroll is structured in such a way that managers receive very modest salaries, with a quarterly bonus structure that can reward meeting or exceeding corporate-set budget expectations. With staff payroll being the most significantly focused on controllable budget item on spreadsheets, it behooves Center Directors to micromanage staff hours and payroll. One of the unintentional outcomes of this is that Center Directors simply do not keep up with or encourage staff to receive training because ultimately it increases hours and affects their own bonus.

The decision to change the way professional development efforts were being managed was made behind closed doors at the corporate level. There was no plan or support offered related to how it would be initiated, who would champion the change, or what support efforts and resources would be provided. The CAO directed the change, then seemed to walk away from it until faced with consuming questions and concerns from the field. There did not appear to be any analytics employed to monitor or measure progress and outcomes. Hours of payroll devoted to professional development could be coded and quantified, but how was consistency in implementation of the curriculum to be measured? There were no plans and no answers.

ABC Childcare’s locations are spread out into eight states. This means that eight different sets of regulations related to training and development are in play. Although the training provider has the trainings they offer approved through each of the systems, that does not mean that they can meet all eight sets of regulations with their offerings. Therefore, the e-
learning being offered and related training hours cannot be considered the total training expense. Additional face-to-face trainings and hours have to be considered to remain in compliance with the regulatory agencies. At the end of the first year, ABC did compile a list of related training and content and provide it to the training provider for consideration of development.

reconfiguring training to meet those needs.

**Summary**

ABC Childcare is now in the second year of the innovation process. The perceived needs included a lack of consistent curriculum implementation across their 135 sites, an outdated and cost prohibitive professional development plan, and over budget training payroll costs that balloon at the end of the year when staff try to meet their annual hours and income is at its lowest level. At the executive level, contracting with an e-learning provider that specializes in ECE professional development was determined to be the best fit innovation. It would ensure fidelity in content, ease of access, allow better control of training expenses, and was perceived as a cost effective innovation.

Over the course of the first year, a number of issues surfaced related to the innovation. The original schedule of each region having two months out of the year to obtain their training was found to be very limiting. Frequent turnover meant that staff may not have access to training until six months after being hired. From 5%-10% of staff members were found to be uncomfortable with using a computer and/or did not have access to a computer or the Internet to utilize the system. High turnover rates meant that just-in-time training was a necessity. The training provider’s generic training was not meeting the differing needs of each individual state’s regulatory agencies. Center Directors were not championing the training as it added hours to already over-stretched budgets. Only the CAO was receiving information related to who was taking advantage of the training and there was no other way to monitor and track it. This information was not being distributed to the VPs or the Regional Directors. Morale was affected by the change that was perceived as taking away a benefit, the much loved Professional Development and Employee Appreciation day, and lowering pay for hours spent in training.

As the innovation moved forward a number of changes were made at the end of the first year. Rogers (2003) describes this as a period of redefining and restructuring. The organization gathered information relating to each state’s regulatory requirements and transmitted it to the training provider for consideration of development of courses that would meet those specific
needs. The topic limitations and scheduling limitations imposed by the CAO were released allowing individuals to select the topics and the time they would access the training. A newly created field based position providing technical assistance would now monitor staff training as they visited the centers, and Region Directors would receive monthly printouts of training efforts. ABC initiated distributing an annual employee appreciation gift at smaller local events. Figure 1 provides a portrait of ABC’s progress. They remain in what Rogers refers to as the “Redefining and Restructuring” phase of the process. The restructure of the innovation is expected to enhance the diffusion process.
I. Initiation

- Inconsistent curriculum implementation
- Current training strategy is cost prohibitive and ineffective
- Training payroll hours are significantly over budget
- Ballooning training costs last 6 weeks of year when revenue is lowest

II. Implementation

- 18 months

- Contract with on-line training provider specializing in ECE training.
- Limit course selection
- Control timing & accessibility by Region
- Reduce staff pay to minimum wage for training hours

- Request course development that meets specific needs
- Release topic limitations and allow free access to all training topics up to state minimum hour requirements
- Release timing limitations allowing anytime access
- Training compliance monitoring added to technical assistance providers’ job tasks
- Region Directors receive monthly print-out of courses taken by employees in each center
- Initiate annual employee appreciation gift

Source: Rogers, 2003

Figure 1 – Current Phase of Innovation Process
Resources


http://nieer.org/sites/nieer/files/APPLES%205th%20Grade.pdf


