

# Large For Profit Organizations Growing Slowly

## Twenty-Sixth Annual Status Report

by Roger Neugebauer

For 26 years *Exchange* has been tracking the status of the largest for profit child care organizations in North America. During this period these organizations have grown tremendously. However, in the past four years, the 50 largest for profit companies and the 10 largest for profit franchise operations have increased their total licensed capacity by just under 5%.

To take a closer look at this growth rate, *Exchange* analyzed the changes since 2009 in various for profit sectors. We compared growth rates of . . .

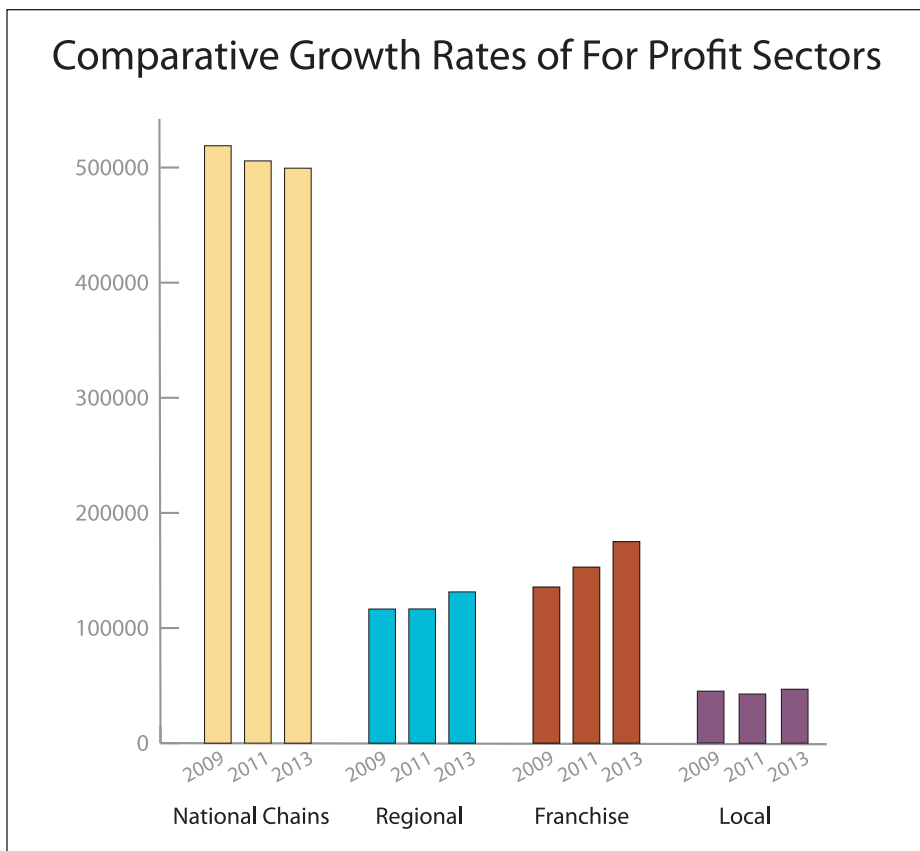
- **National Chains** — the five largest for profit child care organizations in North America.
- **Regional Chains** — 10 organizations operating in multiple states with total licensed capacity between 7,000 and 24,000.
- **Local Chains** — 20 organizations operating in one or more metropolitan areas with total licensed capacities of less than 7,000.
- **Franchise Enterprises** — five organizations providing franchises to individual operators of child care centers.

### National Chains

As you can see in the chart, Comparative Growth Rates of For Profit Sectors, the national chains have not grown since 2009. In fact, the combined licensed capacity decreased by nearly 4% during this period. This had a major impact on

the overall growth rate described in the opening paragraph, as the five largest chains — KinderCare Learning Centers, Learning Care Group, Bright Horizons Family Solutions, Nobel Learning Communities, and Childcare Network — are responsible for nearly 60% of all the capacity among top 50 child care organizations and 10 largest franchise enterprises.

Two of the five national chains actually experienced growth during this period. Bright Horizons increased its total licensed capacity by 20% and Childcare Network by 11%. The other three chains decreased strategically, opening new centers in growth areas, while closing significant numbers of older centers in aging neighborhoods.



## Regional Chains

The ten regional chains followed increased their combined licensed capacity by nearly 13%. Four of the 10 companies increased capacity by less than 4%, while the balance increased by over 16%. The fastest growing regional chains were Children of America with a growth rate of 254%, Children's Choice at 83%, and Brightside Academy at 37%.

This level of activity among regional chains is not unusual. In the "Twentieth Annual Status Report on For Profit Child Care" (January 2007), we reported:

"Over the past decade, the fastest growing segment of the for profit sector has been regional chains. While the largest four for profit chains now represent 77% of the centers operated by all the organizations on this year's list, a high percentage of the growth of these large organizations has been accomplished through the acquisition of regional chains. With a few exceptions, much of the growth of the regional chains has been through the opening of new programs, adding to the overall supply of child care."

## Local Chains

For profit child care companies operating multiple centers in one or more metropolitan areas have grown by nearly 10% since 2009. As with the regional chains, growth was not uniform. Six of the 20 organizations sampled did not grow or actually decreased in capacity, while seven increased by over 15%. Fastest growing were The Gardner School with a growth rate of 80%, Rogy's Learning Place at 35%, and U-GRO Learning Centers at 32%.

## Franchising Enterprises

By far the fastest growing sector in the universe of large for profit organizations is that of organizations using the franchise model. Since 2009, the total licensed capacity of the centers franchised by the five franchise enterprises we followed has increased by nearly 30%.

Franchising in child care is a rather recent phenomena as noted in the "Twenty-Fifth Annual Status Report on For Profit Child Care" (January 2012):

"When for profit child care emerged on the scene in the early 1970s, many of the

key players were franchise operations. However, the challenge of maintaining quality control in such a 'soft' industry caused this form of delivery to fall out of favor. As knowledge of key factors in center operations increased and as technological solutions to monitoring have developed, there has been a resurgence in the franchise sector of the field in the past decade."

While Goddard Systems, Primrose Schools Franchising, and Kids R Kids have been employing the franchise model for three decades, every year *Exchange* discovers new franchise operations as it prepares this annual status report.

## Looking Ahead

In their updates for this report, the more than 60 for profit child care organizations surveyed expressed cautious optimism about the coming year. Nearly two-thirds of the organizations in all sectors expressed intentions of adding capacity anywhere from 2% to 10% in 2013. Check back in January 2014 to see if this optimism was justified.

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### Largest National Child Care Franchising Organizations

Organization	Headquarters	CEO	Centers	Capacity
Goddard Systems, Inc.*	King of Prussia, Pennsylvania	Joe Schumacher	382	55,826
Primrose Schools	Acworth, Georgia	Jo Kirchner	255	45,664
Kids R Kids International, Inc.	Duluth, Georgia	Patrick D. Vinson	166	41,000
The Learning Experience	Boca Raton, Florida	Richard Weissman	111	18,648
Kiddie Academy*	Abingdon, Maryland	Michael Miller	98	14,600
Discovery Point	Duluth, Georgia	Cliff Clark	57	12,825
Children's Lighthouse Learning Center	Fort Worth, Texas	George (Mike) Brown	34	8,500
Creative World School, Inc.	Bonita Springs, Florida	Marianne Whitehouse	22	4,700
Rainbow Station	Glen Allen, Virginia	Gail Johnson	10	3,471
Legacy Academy for Children, Inc.	Sugar Hill, Georgia	Frank and Melissa Turner	11	2,750
KidsPark	San Jose, California	Debra Milner	14	798

Based solely on information supplied by the organizations. \*Information from January 2012.

## The Exchange Top 50 North America's Largest For Profit Child Care Organizations

Organization	Headquarters	CEO or COO	Centers	Capacity
KinderCare Learning Centers	Portland, Oregon	Elanna Yalow	1,596	212,000
Learning Care Group, Inc.	Novi, Michigan	Barbara Beck	950	145,000
Bright Horizons Family Solutions	Watertown, Massachusetts	David Lissy	770	88,000
Nobel Learning Communities, Inc.	West Chester, Pennsylvania	George Bernstein	184	28,500
Childcare Network	Columbus, Georgia	Scott Cotter	176	25,928
Phoenix Children's Academy, Inc.	Scottsdale, Arizona	Douglas MacKay	129	22,500
The Sunshine House	Greenwood, South Carolina	Margaret Mary Wilson	133	18,483
Minnieland Academy	Woodbridge, Virginia	Charles Leopold	125	15,519
Children of America	Delray Beach, Florida	Thad Pryor	70	15,300
New Horizon Academy	Plymouth, Minnesota	Chad Dunkley	88	13,335
CCLC	Portland, Oregon	Tom Wyatt	106	12,942
Brightside Academy	Pittsburgh, Pennsylvania	Mark Kehoe	63	10,735
Children's Choice Learning Centers, Inc.	Richardson, Texas	Donna McClintock	50	10,561
Rainbow Child Care Center	Troy, Michigan	Patrick Fenton	71	9,521
Crème de la Crème	Greenwood Village, Colorado	Bruce Karpas	24	7,000
Sunrise Preschools	Tempe, Arizona	Robert Orsi	25	5,488
Children's Friend, Inc.	Warner Robins, Georgia	Dewayne Foskey	37	4,966
Action Day Nurseries	San Jose, California	Carole J. Frieras	20	4,750
Hildebrandt Learning Centers LLC	Dallas, Pennsylvania	William J., Grant	44	4,550
Country Home Learning Center	San Antonio, Texas	Sharon K., Ford	10	4,180
Xplor	Arlington, Texas	Karen Stokes	16	4,016
Acelero Learning	New York, New York	Aaron Lieberman	29	4,000
Stepping Stone School	Austin, Texas	Rhonda Paver	18	3,360
Youthland Acadmey	Cincinnati, Ohio	Amanda Bottleson	22	3,080
Rogy's Learning Place	Peoria, Illinois	Wendy Pettett, Dawn Meyer, Richard Rogy	20	3,015
Pinecrest Schools	Sherman Oaks, California	Jeri Dye	9	3,000
Edleun, Inc.	Calgary, Alberta, Canada	Mary Ann Curran	20	2,802
Celebree Learning Centers	Forest Hill, Maryland	Richard Huffman	20	2,747
The Malvern School	Glen Mills, Pennsylvania	Joe Scandone, Kristen Waterfield	20	2,713
StarChild Academy	Apopka, Florida	Pete Zimmermann	6	2,441
Next Generation Children's Centers	Franklin, Massachusetts	Donna Kelleher	10	2,139
The Children's Workshop, Inc.	Cumberland, Rhode Island	David MacDonald	19	2,047
Valley Child Care and Learning Centers and Cactus Preschools	Phoenix, Arizona	James Emch, Mike Emch	9	1,990
Doodle Bugs! Children's Centers	Buffalo, New York	Anthony Insinna	11	1,898
Creative Playrooms	Solon, Ohio	Joan Wenk	7	1,823
Kid's Country	Snohomish, Washington	Lynnda Langston	11	1,786
The Gardner School	Brentwood, Tennessee	Scott Thompson	9	1,750
Little Sprouts LLC	Lawrence, Massachusetts	Mark Anderegg	17	1,711
Bobbie Noonan's Child Care	Frankfort, Illinois	Judith Nevell	13	1,700
Kid Kare	Fresno, California	Jim Fisher	11	1,663
Center Management Associates	Tarrytown, New York	Anthony Ross	12	1,659
U-GRO Learning Centres	Harrisburg, Pennsylvania	Greg Holsinger	12	1,506
Children's Discovery Center, Inc.	Maumee, Ohio	Lois Rosenberry	8	1,498
EduKids, Inc.	Buffalo, New York	Nancy Ware	13	1,425
Creative Child Care Inc dba Little Tyke	Richland Hills, Texas	Alex Little	12	1,352
Junior Academy Children's Center	Colorado Springs, Colorado	Terri Carroll	23	1,185
K.I.D.S. Daycares	Westmount, Quebec, Canada	Evelyn Wajcer	13	1,090
Gretchen's House, Inc.	Ann Arbor, Michigan	Gretchen Preston	10	1,048
The Compass Schools	Glen Allen, Virginia	Martin Brill	5	1,024
O2B Kids	Gainesville, Florida	Andy Sherrard	6	966

Based solely on information supplied by the organizations. Data on capacity in chart above is the total licensed capacity for all centers as of January 1, 2013.