

Competition Shifting in Expanding Employer Arena

by Roger Neugebauer

The year 1998 will be remembered as the year that the nature of competition in the employer child care marketplace moved to a new level.

The big news of the year was, of course, the merger of the largest manager of employer child care services, Bright Horizons Children's Centers with the second largest, CorporateFamily Solutions. Not only did this merger cement the combined company's leadership position in the employer arena, but it also vaulted the new company into position as the fifth largest for profit child care organization overall.

Many Wall Street analysts predicted that the merger would effectively lock up the employer child care market for the new company, Bright Horizons Family Solutions. However, most of the players in the arena saw the merger in just the opposite way and were bullish about the new competitive environment.

And the results for the year seemed to confirm their optimism. For many

companies, 1998 was a banner year (see The Exchange Top 15 on the next page). For example:

- ARAMARK Educational Resources started to reap the benefits of breaking off its employer division as ARAMARK Employer Partnerships, from its community child care division, Children's World Learning Centers. It also strengthened its consulting

services by forming an alliance with Harris, Rothenberg International to provide an integrated model of service delivery for employee assistance and work/life programs.

- Children's Discovery Centers was acquired by Knowledge Beginnings, a subsidiary of Knowledge Universe; acquired Pennsylvania-based Hildebrandt Learning Centers; and formed a work/life consulting division.
- Childtime Learning Centers added five more centers contracted with employers and two more office park centers during 1998.
- Mulberry Child Care Centers added two contracted centers and increased its office park capacity by 122%.
- Sunshine House formed a new division dedicated to operating employer-based child enrichment centers and cracked the Top 15 for the first time.

To find out more about what's behind all the action in the employer arena, we interviewed leaders of the major players. Here are their insights:

How does the future look for the employer child care niche?

There are more opportunities. The market for employer sponsored child

The Exchange Top 15 — Largest Employer Child Care Management Organizations in 1999

Organization	Headquarters	CEO	Contracted Centers	Office Park Centers	Licensed Capacity
Bright Horizons Family Solutions	Nashville, TN	Marguerite Sallee	248	30	34,902
Children's Discovery Centers/Knowledge Beginnings	San Rafael, CA	Dr. Elanna Yalow	81	77	17,457
Childtime Learning Centers	Farmington Hills, MI	Harold Lewis	35	17	5,782
ARAMARK Educational Resources	Golden, CO	Duane Larson	30	12	5,100
KinderCare Learning Centers	Portland, OR	David Johnson	43	0	4,989
Mulberry Child Care Centers	Needham, MA	Clark Adams	15	23	4,784
La Petite Academy	Overland Park, KS	James Kahl	29	0	3,600
Nobel Learning Communities	Media, PA	Jack Clegg	3	15	2,450
Rainbow Rascals Learning Centers	Lathrup Village, MI	Patrick Fenton	6	15	2,055
Kiddie Academy International	Bel Air, MD	George Miller	0	16	1,920
Little People Day School Associates	Collegeville, PA	Robert Sprague	3	9	1,728
The Sunshine House	Greenwood, SC	Roseann/Dennis Drew	9	0	1,490
Next Generation Child Development Centers	Carrollton, TX	Dr. Layton Revel	6	3	1,200
National Pediatric Support Services	Fountain Valley, CA	Sheri Senter	9	0	723
The Learning Tree Schools	Pittsburgh, PA	Dr. Jamie McIntyre-Southworth	5	0	600

NOTE: Organizations listed by total licensed capacity of all contracted and office park centers as of March 1, 1999. The "Contracted Centers" column displays centers operated under contract to a single employer. The "Office Park Centers" column displays centers operated in office parks or other commercial settings serving more than one employer. Based solely on information provided by organizations.

care is growing and continues to segment. There is increasing demand for employer child care that is operationally structured or a self-sustaining benefit.

— Harold Lewis
Childtime Learning Centers

There has been a resurgence in our country of employers once again analyzing the benefits of child care services. Our consulting arm has been extremely busy, much like the level attained in the 1980s. Unemployment is at an all-time low in our country and businesses are flourishing.

— Sheri Senter
National Pediatric Support Services

Demand is increasing more rapidly for non-traditional solutions. Demand overall remains strong and should remain so for the long term.

— Duane Larson
ARAMARK Educational Resources

Although many employers continue to view on-site child care as the arrangement of choice for offering child care benefits to employees, others seem to be looking to more flexible and affordable ways to provide these services. We continue to receive inquiries from employers asking how they can partner with our established residential centers to meet their employees' identified needs.

—James Kahl
La Petite Academy

What significant specific trends do you see in the employer child care niche?

In our experience working with our corporate clients over the past year, we have noticed an increased interest in special services such as back-up child care, elder care, and other work/life and family friendly services.

— Dr. Elanna Yalow
Children's Discovery Centers/
Knowledge Beginnings

I see three key trends: increasing awareness and need for the educational component of child care; increasing government incentives to employers to offer some form of employer sponsored child care to their employees; and growth in back-up care to extend over a larger employee base.

— David Johnson
KinderCare Learning Centers

Significant trends in the employer sector that we are experiencing include: on-site sick child care; on site preventative health services; on-site therapy services for children with special needs; extra curricular programs such as 4H, dance, karate, and gymnastics; crisis intervention services; and on-site parent education.

— Roseann Drew
Sunshine House

Three important trends deserve attention: First, an increasing number of clients are opening multiple centers across the country. Today, our clients

with multiple centers have 95 centers, compared to seven centers in 1990. Second, new industries are adopting employer-sponsored child care. Historically the pharmaceutical, finance, insurance, and health care industries dominated the landscape of clients. Now a number of new industries are involved, including retail, restaurants, and manufacturing. Third, there is an increasing demand for more customized services for clients, such as back-up care and other creative services.

— Marguerite Sallee
Bright Horizons Family Solutions

What impact will the merger of Bright Horizons and CorporateFamily Solutions have on the employer child care marketplace?

The merger will have a positive impact as their combined forces have helped to grow more awareness in the business community of the value that providing quality employer based care offers to them and to their employees.

— David Johnson
KinderCare Learning Centers

It will allow other companies to compete because most corporations want multiple bids.

— Jack Clegg
Nobel Learning Communities

The merger increases the visibility of the employer segment of the industry and thereby encourages more employers to offer child care benefits — both through BFAM and other child care providers.

— Duane Larson
ARAMARK Educational Resources

In the short term, the merger has opened many opportunities for competitors. As two companies, Bright Horizons and CorporateFamily

Solutions offered employers checks and balances for on-site proposals. Now that does not exist. In the long term, the merger solidifies their position as a provider of subsidized care and kicks the door wide open for companies that provide tuition based on-site care.

— Harold Lewis
Childtime Learning Centers

Our merger brought together the two largest players in the employer child care arena to create the industry leader in this fast growing arena. The merger put the company in every key market of the country and brought together some of the pioneers in this field to form an exceptional management team.

— Marguerite Sallee
Bright Horizons Family Solutions

Employer Child Care Consultant Directory

The firms on the next page, listed in ZIP code order, offer consulting services to employers and communities.

Each firm comes with a unique combination of skills and experiences. Therefore, before selecting a consultant, you should be clear about what specific tasks you need help with. And, before making a final decision, you should check references from a variety of the firm's former and current customers.

Inclusion on this list does not constitute an endorsement from **Child Care Information Exchange**.

Employer Child Care Consultant Directory

Linda Mills

Mills & Pardee

191 Sudbury Road, Suite 30
Concord, MA 01742
(978) 369-2001 • Fax (978) 369-1741
millpardee@aol.com

Mills & Pardee specializes in developing high quality work-family initiatives. The firm is familiar with the full range of child care options and has extensive experience in implementation. Mills & Pardee brings both an understanding of complex issues affecting specialized industries and experience in solving unusual child care and workplace issues.

National Marketing Director

ChildrenFirst

75 Federal Street
Boston, MA 02110
(617) 646-7000 • Fax (617) 646-7070
mvasu@childrenfirst.com
www.childrenfirst.com

Founded in 1992, ChildrenFirst is the national leader in corporate-sponsored backup child care. ChildrenFirst operates 15 centers, works with 150 companies, and serves 14,000 children each year. Our centers are NAEYC accredited — caring for infants through 12 year olds. We believe every child is unique, precious, and unrepeatable.

Beth Pressler

Bright Horizons Family Solutions

One Cattano Avenue
Morristown, NJ 07960
(973) 267-9100 • Fax (973) 267-5960
bpressler@brighthorizons.com
www.brighthorizons.com

Bright Horizons Family Solutions is a leading national provider of employer-sponsored child care, early education, and dependent care consulting. Our Feasibility Assessment Consulting Team (FACT) is comprised of experts working on child care feasibility studies, work/life strategic plans, and efforts to document the impact of family friendly policies.

Beth Reeves-Fortney

ARAMARK Employer Partnerships

171 Madison Avenue, Suite 1403
New York, NY 10016
(800) 562-8278 • Fax (212) 213-4564
erfortney@aol.com

As a diversified education and work/life company, ARAMARK Employer Partnerships, in alliance with Harris Rotherberg International, offers these consulting services: needs analysis (needs assessment, benchmarking, focus groups); operational analysis (financial analysis, feasibility assessment, ROI studies); design development (facility design, program design).

John Frock

Nobel Learning Communities

Rose Tree Corporate Center II
1400 N. Providence Road, Suite 3055
Media, PA 19063
(610) 891-8200 • (Fax 610) 891-8222

Nobel Learning Communities help make their customers the “employer of choice.” Employees recognize the uniqueness and quality educational content their children receive, such as three year old children learning a second language and computers. Also available are advanced preschool, elementary, tutorial, and learning challenged programs. National experience tailored for local needs.

Margery Sher/Madeline Fried

Fried & Sher

465 Carlisle Drive
Herndon, VA 20170
(703) 435-1700 • Fax (703) 435-1811
msher@friedandsher.com
mfried@friedandsher.com
www.friedandsher.com

Fried & Sher works nationwide to provide unbiased evaluations of the work-life needs of its clients. Fried & Sher’s broad array of services include needs assessments and management studies; child care center development; and development of resource programs in child care, elder care, and other personal life areas.

Kathy Ligon

The Sunshine House

425 Main Street, Suite 2000
Greenwood, SC 29646
(864) 223-3945 • Fax (864) 229-0776
kligon@sshouse.com
www.sunshinehouse.com

The Sunshine House Employer-Based Child Care Division has a proven track record. Our services include: initial employee needs assessments, financing, facility design, project development, construction, and operation. These services enable employers to obtain the benefits of employer-based child care with a minimal commitment of personnel and financial resources.

Joyce Beacome

AMERICARE

2701 University Drive, Suite 525
Auburn Hills, MI 48326-2522
(800) 952-3586 • Fax (248) 276-5424
jbeacome@americaresystems.com
www.americaresystems.com

AMERICARE offers services to companies with employees in locations across the country. AMERICARE’s management experience includes developing and administering national on-site resource and referral services and coordinating simple to complex family life initiatives to help employers achieve their goals.

Bill Van Huis

Childtime Learning Centers

38345 West 10 Mile Road, Suite 100
Farmington Hills, MI 48335
(800) 294-4115 • Fax (248) 476-1168
b-vanhuis@MSN.com
www.childtime.com

Childtime is an on-site center manager that delivers a quality program for children and efficient management for employers. This combination of providing quality child care benefits and bottom line management is unique to Childtime. Whether you have a center or are just getting started, call for a free analysis.

Judy Simpson

New Horizon Child Care

16355 36th Avenue North, Suite 700
Plymouth, MN 55447
(612) 557-1111
simpson@inlink.com

New Horizon has been providing traditional child care since 1971 and currently has 85 locations in 11 states. New Horizon provides complete management services from concept to successful operation of a high quality child care program. Our management professionals can also assist your organization in determining the feasibility of a child care program.

Mary Ellen Gornick

CPA Group

221 North La Salle Street, Suite 2301
Chicago, IL 60601
(312) 263-0551 • Fax (312) 263-2332
megornick@cpagroup.org

The CPA Group, founded in 1984 as Corporate Parenting Associates, designs programs in sync with organizational culture, business climate, financial resources, and employee needs. Practice areas include: consulting (work/life strategic plans, organizational and community assessments, vendor selection, and flexible work programs); direct services (consultation and referral); and training (seminars).

Karen Woodford

Summa Associates

725 East Guadalupe Road
Tempe, AZ 85283
(602) 820-9844 • Fax (602) 820-9873
karen@summa-assoc.com

Summa Associates specializes in employer supported child care. Our experts identify goals, explore feasibility, research community resources, project financial impact, and recommend positive action. Summa conducts employee needs assessments, designs child care spaces, determines start-up and operating budgets, coordinates the vendor selection process, and is available for ongoing program evaluation.

Choral Brown

Childcare Consulting Services

1800 Century Park East, Suite 600
Los Angeles, CA 90067
(310) 216-6100 • Fax (310) 216-6109
ChoralCCS@aol.com

Childcare Consulting Services is a research and consulting firm devoted exclusively to employer-sponsored child care and work/life balance. For 20 years, clients have relied on our independence and our expertise — in child care feasibility analysis and planning, facility design and development, vendor selection, training, operations oversight and quality control, evaluation, and troubleshooting.

Eric Nelson

Child Care Planning Associates

PO Box 5026
Pasadena, CA 91117
(626) 794-7144 • Fax (626) 794-7145
cec@cco.caltech.edu

CCPA is the consulting division of the Child Educational Center, which serves NASA's Jet Propulsion Laboratory, managed by Caltech. In operation for 15 years, CCPA conducts child care and work/life needs assessments and feasibility studies and designs, develops, and implements child care programs. It also specializes in ECE staff training.

Sheri Senter

National Pediatric Support Services

17195 Newhope Street, Suite 201
Fountain Valley, CA 92708
(714) 546-7747 • Fax (714) 546-8239
info@npssinc.com
www.npssinc.com

NPSS, established in 1982, provides personalized programs for its clients. NPSS expertise includes design, development, and management of child care centers, with innovative components including mildly ill, emergency drop-in, and school-age programs. NPSS offers resource and referral nationwide, development of work/family benefits, programs for the multi-housing and retail industry.

Debby Bitticks

**Children's Wonderland/
Highland Club**

PO Box 6129
Oxnard, CA 93030
(805) 988-4746 • Fax (805) 988-4953

Write or call for information on intergenerational programs. Services include setting up and managing developmentally appropriate programs for infant through elementary. Separate elder care programs are available providing mutually beneficial activities for both generations.

Ellen Corrigan

Knowledge Beginnings

4340 Redwood Highway, Building B
San Rafael, CA 94903
(415) 444-1600
ecorrigan@knowledgebeginnings.com
www.knowledgebeginnings.com

Knowledge Beginnings designs and operates child development centers for a variety of organizations. Our centers are NAEYC accredited, employ highly trained staff, feature state-of-the-art curriculum and enrichment programs, and provide exceptional customer service. Knowledge Beginnings centers are flexible, efficient, and meet each company's child care needs and business objectives.

Kelley Campbell

KinderCare At Work

650 NE Hollady Street
Portland, OR 97232
(503) 872-1507 • Fax (503) 872-1653
kcampbell@mail.kindercare.com
www.kindercare.com

KinderCare At Work develops and operates employer-sponsored on-site child care centers. From feasibility studies to center design and construction, KinderCare At Work can create a high quality early childhood learning facility tailored to your needs. Let us help you be the employer of choice in your community.