

# Group benefits

Running a chain will always throw up challenges, but there are many reasons to be optimistic about the future, as *Karen Faux* discovers

**T**his year may have been somewhat quieter on the acquisitions front than 2012, but the final quarter is looking a lot more promising for future trading.

At this moment in time, nursery chains can afford to take an optimistic view of their businesses. Those that have come through the recession – and particularly those that have consolidated – are looking forward to future growth based on the well-documented baby boom and an improved economy.

The significance of consolidation was highlighted by Laing and Buisson's annual market report, which pointed to growing 'corporatisation' of the sector, with nursery groups growing their market share by an average of one per cent each year.

Chains are currently the driver for capacity, now accounting for almost a quarter of the sector's total offer. Meanwhile, average occupancy in the groups has steadily increased to 81 per cent, and is slightly ahead of the sector as a whole.

While Laing and Buisson reported that fees are fairly flat, average full-time fees for nursery groups were estimated at £197 a week, which is 13 per cent higher than fees across all nurseries. This is attributed to longer opening hours – 10.5 hours a day compared to 9.5 hours a day – and the fact that chains' dominant position gives them greater power to name their price.

## COMPLEX BUSINESS

The biggest deal this year was Bright Horizons' purchase of nursery group kidsunlimited in April. The £45m acquisition, which included the

kidsunlimited voucher business, has brought Bright Horizons closer in capacity to the 212-strong market leader Busy Bees, with 207 settings in the UK.

Carole Edmond, managing director, recognises that growth brings its own challenges, but is committed to ensuring a coherent message across the group when it comes to high quality of care and Bright Horizons' responsibilities as an employer.

'It is a complex and demanding business,' she says. 'There's so much to keep on top of – best practice in care and education, plus health and safety, marketing and communications, finance, risk and compliance, and being a responsible and engaging employer.'

Ms Edmond believes that one of the benefits of being part of a larger group is the potential to draw on support from a range of specialist colleagues, and in particular the wealth of experience its early years experts and practitioners can share.

'This means that everyone can contribute what they do best towards our joint purpose, which is to make a difference to children and families, and in turn experience a sense of personal fulfilment,' she says.

She also believes that there is peace of mind to be gained for families, from choosing a nursery that is part of a group. 'Should the family need to move home, for work or personal reasons, then knowing that they can find a nursery with a familiar culture and a trusted focus on each individual child can be reassuring,' she explains.

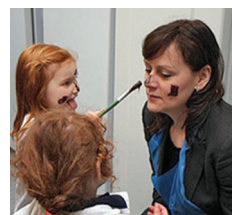
There are also benefits for staff. 'For early years professionals, being part of a group can support career aspirations, bringing opportunities



**Bright Horizons (above and far right) and Kiddi Caru (immediately above and right) are both seeing the benefits of investment**



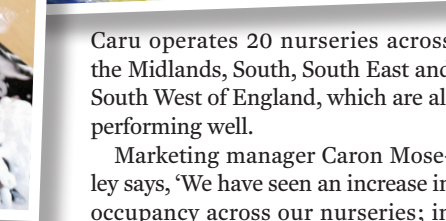
**Carole Edmond says being part of a group can bring opportunities for employees**



for a wide range of experiences, succession planning and promotion, so that the individual can follow their passion wherever it leads them,' says Ms Edmond. 'As well as attracting highly qualified and capable professionals, we place a huge emphasis on upskilling our own workforce via our Bright Horizons Institute of Learning and Development – we are now the largest childcare work-based provider of Modern Apprenticeships and accredited learning.'

## RISE IN OCCUPANCY

A rise in demand for places at the chain Kiddi Caru supports the view that occupancy is improving. Kiddi



## CASE STUDY: INFRASTRUCTURE AT BUSY BEES

How does a large nursery group prevent itself from becoming unwieldy and create a structure that delivers quality across all settings?

Busy Bees, the UK's largest chain, believes it has got it right. Chief executive Marg Randles says, 'We started Busy Bees because we wanted to provide exciting, innovative care for our children, in an environment that presented plentiful opportunities for play. We continue to preserve this ideal in all our nurseries today, by employing dedicated staff who share our vision and who are passionate about shaping a generation.'

Among the most important staff in its hierarchy are its regional directors, with a remit to support the work of individual nursery

managers in a hands-on way. Meanwhile, its central HR department works closely with individual nurseries on their recruitment processes.

Busy Bees' health and safety team works hard to ensure the group retains its membership of the British Safety Council, while its national health and safety adviser is responsible for updating company policies and maintaining high standards of safety.

Each of its nurseries receives annual environmental health inspections, and its nursery managers are supported by its catering team. This team works closely with the nursery chefs, not only on health and safety in the kitchen, but also on promoting healthy eating with well-planned menus. They also work closely with

Busy Bees' national food suppliers to ensure the quality of food and allergy control is maintained.

Busy Bees catering team carries out regular audit inspections at each of its nurseries to ensure the group is fully compliant with the Food Safety Act, and a food safety management system is in place for all nurseries to adhere to.

The company's National Support Centre was originally the chapel for St Matthews Hospital, and provides what Busy Bees calls 'an exciting nursery environment and workspace'.

Its dedicated IT team manages the company's cutting-edge technology infrastructure, supplying the nurseries with facilities such as video conferencing, interactive whiteboards and telecommunications.

'We believe we really do an outstanding job with this age group and our reputation has spread through word of mouth and our marketing efforts,' she says.

Kiddi Caru has not increased its number of nurseries since last year's *Nursery Chains* but has increased space within some of its nurseries, such as at its Torquay and Exeter settings. Both of these now have larger baby rooms,' says Ms Moseley. 'However, the area where we have invested significantly is in the fabric and equipment. We have been very busy with a programme of activities, including the creation of sensory rooms in seven of our nurseries, with more planned for the next six months.

'We have also made investment in our ICT kit within our nurseries recently. For example, we have introduced touch screens into all our settings and as a result have seen a massive impact on the children's approach to using the equipment.'

### A STRONG MARKET

While chains have increased their market share in the past 12 months, it is unlikely that their dominance could ever reach the point where diversity



**Average occupancy in nursery groups has increased to 81 per cent**

within the sector is compromised. This is perceived as no bad thing by chains themselves.

Carole Edmond believes that a mixed sector, including a range of operators, creates a strong market that provides choice for families.

She says, 'I believe there is a place for everyone, providing they have a commitment to quality and the safety and well-being of children. Childcare is a very personal choice and what works for some families won't be comfortable for others, so having a variety of types of childcare settings can only be a good thing.' ■