



BEYOND ANOTHER CONCEPT:

A Portfolio Diversification Guide for Experienced Franchise Owners

How educational child care fits into the expansion strategies of experienced Franchise Owners, entrepreneurs, and investors.





Introduction: Expansion Beyond Replication

For many successful Franchise Owners, expansion begins with replication. A particular concept performs well; systems become established, teams develop, and expansion follows. Additional locations often represent the next logical step in a growth strategy. Over time, however, some owners begin evaluating a different question: what comes after adding another location?

Rather than expanding solely within an existing brand, experienced owners may explore opportunities in new industries that introduce different customer relationships, operating models, and long-term strategic considerations. This form of diversification is not necessarily about replacing a current business. Instead, it's about evaluating whether an additional category can complement an existing portfolio.

For those exploring new industries, educational child care presents a distinct business model centered on facility-based operations, team leadership, community engagement, and ongoing relationships with families. For experienced owners evaluating their next growth opportunity, those differences can make the category worth a closer look, particularly when the goal is to add a business that introduces new customer dynamics while still drawing on established leadership, operational, and expansion experience.

Before evaluating any franchise ownership opportunity, experienced entrepreneurs typically ask:

How does this business model differ from what I operate today?

What type of customer relationships does it create?

How does real estate factor into the opportunity?

What leadership structure supports long-term growth?

How does the model fit within a broader portfolio strategy?

This white paper explores those questions and provides a framework for evaluating educational child care as part of a long-term diversification or expansion strategy.

CHAPTER 1

What Meaningful Diversification Looks Like

Diversification takes many forms. While the term is frequently used in business planning discussions, it often means different things to different entrepreneurs.

For experienced Franchise Owners, diversification often involves exploring business models that complement an existing portfolio while introducing different customers, operating dynamics, and growth opportunities.

Portfolio Diversification

Portfolio diversification allows business owners to participate in different categories while applying many of the same leadership, management, and growth skills they have developed over time. Rather than concentrating exclusively in a single sector, owners may choose to build a portfolio that includes businesses with different customer dynamics, operating considerations, and strategic opportunities.

Customer Diversification

Different industries cultivate different types of customer relationships. Some businesses rely heavily on frequent transactions. Others depend on recurring customer engagement or long-term client relationships. Evaluating a new category often requires understanding how customers interact with the business and the duration of those relationships.

Geographic Diversification

Growth opportunities may vary from market to market. As entrepreneurs expand, they often evaluate demographic trends, local demand characteristics, workforce availability, and competition across multiple regions. Diversification can create opportunities to enter markets that align with broader goals.

Business Model Diversification

Many owners consider how different businesses generate revenue and how those revenue models interact within a broader portfolio. Different industries create different business rhythms, customer cycles, and operational priorities. Understanding those distinctions is often an important part of diversification planning.

Long-Term Portfolio Planning

Experienced entrepreneurs often evaluate new opportunities with a long-term portfolio strategy in mind. Key considerations may include how a business complements existing operations, supports leadership development, and creates additional paths for diversification or expansion. Educational child care offers a distinct ownership model built around facility-based operations, team leadership, community engagement, and ongoing relationships with families.



CHAPTER 2

Not Every Business Operates the Same Way

Every industry possesses its own characteristics, operational requirements, and ownership experience. When evaluating a new category, experienced Franchise Owners typically compare several important dimensions.

Customer Relationships

Some business models rely on individual transactions. Others depend on sustained engagement over months or years. The nature of these relationships influences marketing, service delivery, staffing, and customer retention strategies.

Operating Schedules

Operating schedules affect everything from labor planning to leadership oversight. Some industries require extended operating hours or around-the-clock coverage, while others operate within more structured schedules.

Leadership Structures

Every business requires capable leadership, but leadership structures can vary significantly. The roles of managers, directors, regional leaders, and owners often differ from one category to another.

Community Engagement

Certain businesses operate primarily through transactional interactions. Others become deeply integrated into the communities they serve. Understanding a business's role within its local market can help clarify ownership expectations and opportunities.

Real Estate Considerations

Real estate requirements vary significantly across business categories. Factors such as site characteristics, market demographics, accessibility, and development requirements may influence how a business is established and operated. Understanding these considerations can help entrepreneurs evaluate how a new category aligns with their overall portfolio strategy.

Expansion Models

Growth can occur through multiple paths, including additional locations, multi-unit ownership, market development, and organizational expansion. Understanding how expansion occurs within a category is an important part of evaluating any opportunity.

Industry Comparison

Consideration	Food & Beverage	Hospitality	Educational Child Care
Customer Relationship	Transactional	Stay-Based	Enrollment Based
Operating Schedule	Extended Hours	Often Around the Clock	Structured Weekday Schedule
Community Connection	Moderate	Moderate	High
Leadership Structure	General Manager-Led	Property-Led	Director-Led
Customer Lifecycle	Short-Term	Medium-Term	Long-Term

This comparison is not intended to rank industries. Rather, it highlights how ownership experiences can differ based on operating models and customer dynamics.



CHAPTER 3

Educational Child Care as a Business Model

Educational child care differs from many transactional business models because it is centered around ongoing relationships with families. For experienced Franchise Owners, the category can offer a different way to apply skills they have already developed while expanding into a business with its own customer relationships, operating structure, and role within the community.

Enrollment-Based Relationships

Educational child care centers typically serve families over an extended period of time. As a result, enrollment relationships often develop into long-term connections between families and the child care center.

Supporting Working Families

Educational child care plays an important role in supporting parents and caregivers who rely on high-quality care and educational experiences for their children. Owners become part of an ecosystem that helps families balance professional and personal responsibilities.

Community Presence

Educational child care centers often become recognized institutions within their local markets. This creates opportunities to build meaningful relationships with families, businesses, schools, and community organizations.

Structured Operating Environment

Educational child care centers generally operate within established schedules, defined procedures, and regulated environments. This creates a structured operational framework for owners and leadership teams.

Leadership and Staffing Model

Educational child care businesses typically rely on dedicated leadership teams and teaching staff to support daily operations, family engagement, and educational programming.



Key Takeaway

For experienced owners evaluating their next stage of growth, educational child care offers a distinct business model built around long-term family relationships, community engagement, structured operations, and transferable leadership skills.

CHAPTER 4

Multiple Paths to Ownership

Experienced owners often evaluate more than one path to ownership. Educational child care can present several approaches depending on market conditions and growth objectives.

Ground-Up Development

Some owners choose to develop a new child care center from the ground up. This approach typically involves site selection, development planning, construction, licensing, and launch preparation.

Build-to-Suit Opportunities

Build-to-suit arrangements may allow owners to collaborate with developers while creating a facility designed to support the operational needs of an educational child care business.

Existing Facility Opportunities

In certain cases, existing buildings or facilities may provide opportunities for development or conversion. Owners often evaluate these opportunities based on market conditions and project requirements.

Market Selection Considerations

Regardless of development path, market evaluation is a critical step.

Factors commonly considered include:

- Demographics
- Population trends
- Accessibility
- Competitive landscape
- Workforce availability
- Long-term market growth potential



CHAPTER 5

How Experience Transfers

Entering a new category does not necessarily mean starting from scratch. While every business has unique requirements, experienced entrepreneurs often bring leadership, operational, development, and growth experience that can transfer across industries. For Franchise Owners considering educational child care as their next growth opportunity, understanding where that experience carries over can be an important part of evaluating the category.

Multi-Unit Franchise Owners

Common transferable strengths include:

- Systems management
- Organizational leadership
- Performance oversight
- Team development
- Expansion planning



Hospitality

Hospitality leaders often possess experience in:

- Service culture development
- Facility oversight
- Team leadership
- Guest experience management
- Operational excellence



Corporate Executives

Corporate leaders often bring valuable experience in:

- Strategic planning
- Financial oversight
- Organizational development
- Leadership cultivation
- Performance management



Food & Beverage

Many owners bring experience in:

- Staffing
- Customer service
- Process execution
- Multi-location management
- Operational consistency



Real Estate Investors

Real estate experience may contribute strengths in:

- Site evaluation
- Development coordination
- Capital planning
- Asset management
- Long-term planning



Experience in another industry can provide a strong foundation for evaluating a new business model, particularly when an owner has already developed skills in building teams, developing leaders, managing operations, and planning for growth.



CHAPTER 6

Built to Support Growth

Expansion requires more than a business model. It requires systems, resources, and support.

The Kiddie Academy® franchise opportunity provides resources designed to support Franchise Owners across the ownership lifecycle.



Site Selection Assistance

Support during market evaluation and site identification.

Real Estate Support

Guidance throughout development and facility planning.

Licensing Guidance

Resources designed to help owners navigate licensing processes.

Training and Onboarding

Programs intended to assist owners and leaders as they prepare to open and operate an Academy.

Curriculum Resources

Educational resources that support the learning environment.

Marketing Support

Tools and guidance to help owners engage their local markets.

Ongoing Operational Support

Resources designed to assist Franchise Owners as their businesses evolve.

Leadership Development

Training and development opportunities intended to help owners and leaders continue building organizational capability.

Support Lifecycle

Market Evaluation → Development → Opening
→ Operations → Expansion

CHAPTER 7

Multi-Unit Ownership Considerations

Many Franchise Owners evaluate opportunities based not only on a single location but also on how a business model may support future expansion.

Additional Locations

Some owners choose to expand through multiple locations within a brand or business category.

Leadership Development

Expanding beyond a single location may require additional layers of leadership and operational support.

Staffing Structure

Multi-location operations often depend on clearly defined roles and responsibilities across leadership and frontline teams.

Operational Consistency

Maintaining consistent standards, processes, and customer experiences can become increasingly important as organizations grow.

Expansion Planning

Market selection, staffing, operational capacity, and organizational readiness are common considerations when evaluating expansion opportunities.



CHAPTER 8

Reviewing the Numbers

As with any franchise opportunity, experienced owners should review available financial information carefully.

The Franchise Disclosure Document (FDD) contains important information regarding financial performance representations, investment requirements, fees, and other relevant considerations.



2025 Top Quartile Results*

\$3.2m

Average Gross Revenue

\$1.08m

Average Gross Profit

These results reflect a group of 73 mature Academies operating for at least 24 full months as of December 31, 2025.

For the 2025 calendar year:

38%

**reported gross
revenue above the
group average.**

37%

**reported gross
profit above the
group average.**

Entrepreneurs evaluating a franchise ownership opportunity should review Item 19 of the FDD and discuss any questions with their advisors before making investment decisions.

**Based on Item 19 of the 2026 Franchise Disclosure Document (FDD). See the FDD for complete financial performance representations, assumptions, and disclosures.*

CHAPTER 9

Questions Experienced Owners Should Ask

Before pursuing any new opportunity, experienced Franchise Owners typically ask rigorous questions. Educational child care is no exception.

How Does This Fit Within My Current Portfolio?

Evaluate how the opportunity complements existing businesses and long-term goals.

How Does the Business Model Compare to What I Operate Today?

Consider customer relationships, leadership structures, operating schedules, and growth characteristics.

What Role Does Real Estate Play?

Consider how location, facility, and development requirements vary across business categories.

What Leadership Structure Will I Need?

Assess how directors, managers, and area leaders contribute to successful operations.

What Markets Align with My Goals?

Consider demographics, strategic objectives, and geographic strategy.

What Does the FDD Tell Me About Performance and Investment Requirements?

Review the Franchise Disclosure Document thoroughly and discuss findings with professional advisors.

Conclusion

Growth does not always mean opening another location within the same brand. For experienced Franchise Owners, the next opportunity may involve evaluating a new category that introduces different customer relationships, operating dynamics, and paths for expansion. Educational child care presents one such opportunity.

For owners who have already built the systems, teams, and leadership experience required to grow a business, educational child care provides an opportunity to consider how those capabilities could translate into a different franchise category. By understanding how the business model operates, where existing experience may transfer, how expansion can occur, and what questions to ask during due diligence, owners can determine how educational child care fits within their broader growth strategy.

The next step is to take a closer look at the opportunity and determine how it could fit within your portfolio.

