



## Home-care franchises jockey for growing market

By Adam Stone - Special to the Times

Tuesday Mar 8, 2011 15:01:27 EST

This much Curtis Custer knows: When the time comes for him to set aside his uniform, he'll be spending his days helping seniors live in comfort and dignity.

A diving supervisor at Fort Eustis, Va., the Army staff sergeant may retire in 2017 or separate earlier depending on the state of his battle injuries. Whenever he does transition out, he'll take the helm of the Home Helpers franchise he bought in March 2010, an enterprise managed with his wife, Sharon.

"I was looking for a franchise opportunity and I kept seeing more and more articles on the growing senior demographic. That was something that caught my attention. This is a sector that is just going to keep on growing," he said.

As baby boomers round the corner on retirement, the Bureau of Labor Statistics projects that the number of home health aides will grow from 1.7 million in 2008 to 2.57 million in 2018.

Franchise operations are playing a part in that growth. Five years ago, there were about 10 brands offering nonmedical care — such as help with dressing, bathing and feeding — to seniors in their homes now there are about 30 major players.

### The paperwork

The franchise model is popular because franchisors offer entrepreneurs some guidance in navigating the licensing requirements of the industry, said Chris Loudermilk, a franchise consultant and former military development officer with The Dwyer Group.

"There are not too many people who retire out of the service and who have that senior-home-care background," Loudermilk said. "They are looking for a good business venture, but they don't know how to go into someone's home. They don't know the legal ramifications."

Those ramifications vary by state. Twenty-five states require some type of license for a home health care operation, Brown said. Requirements range from paperwork and a fee to maintaining a professional nurse staff. California has no licensure requirement, while Florida's license process is as thorough as the one required of an agency that provides full medical care. At agencies that receive reimbursement from Medicare or Medicaid, aides must have a minimum level of training, including at least 16 hours of supervised practical training.

Franchisors typically help guide franchisees through the licensing process.

"They gave us basic guidance, but with 50 states, plus territories, they can't get down to the local nitty-gritty," Custer said of Home Helpers.

Custer's military background served him well in doing the rest. Virginia requires an operations plan, current credentials, an emergency management plan and a detailed organizational chart.

"It's an enormous amount of stuff," Custer said. "But it's all things I had done in the military, drafting up operations orders and risk assessments.

Custer, who spent about \$80,000 to launch his Home Helpers franchise, said he benefited from the company's start-up support.

"They give me a structure to follow, they give me business guidance," he said. "They provide me with accounting advice and access to discounted accounting software. They will tell you how to structure your billing, the basics of marketing, the terms you can use to explain to the clients the complete ins and outs."

And in an industry that involves very personal concerns, the name of a national franchise lends legitimacy, Brown said.

"Clients are having strangers come into their homes, and it gives them peace of mind to know that we have systems in place, that we have background checks, that we have insurance requirements for our franchisees," he said.

### **The day-to-day work**

Custer said the medical basics he learned in the service help him speak the lingo among seniors, but in most cases, franchisees do not need a medical background. Owning a home-care franchise is a management job; it's more important that franchisees have an entrepreneurial spirit, along with an interest in sales, marketing and operations.

Staffing can be a challenge, depending on the local labor situation and on how well the business is run, Brown said. Managing personnel well includes paying appropriately, matching the right personality to the right job, soliciting and listening to caregivers' feedback.

But the biggest challenge, Brown said, is acquiring those first few clients: "The franchisee has got to get out in the community, talk to the people who make referrals to them."

That challenge may grow as more businesses enter a crowded field.

"It's going to come to a head-on collision," Loudermilk predicted. "The market will get oversaturated with franchises and independents, and something will have to give."

This will be good for some franchisees and bad for others, said Doug Schadle, CEO of Rhino 7 Franchise Development Corp. in Apex, N.C., a consultant to franchisors.

The number of franchise brands will eventually decline, as stronger brands come to dominate their markets, Schadle said. But demand for these services will continue to grow, creating opportunities for would-be franchisees. Contraction among brands could work to the benefit of franchisees who find themselves affiliated with increasingly strong brands.

For now, Custer and his wife are cash-flow positive and working on building their business.

"It is competitive," he said. "There is still plenty of business out there, but you have to go out there and put the hours in. You have to find the business."