Many industries have experienced flat or even negative growth over the past few years, yet the senior care / home healthcare sector continues to perform solidly. In fact, senior care has been one of the fastest growing franchise segments in recent years. In this report, we will explore the opportunity of investing in a home healthcare franchise, the pros and cons, understand how the business model works, forecast where we think the home healthcare market is going and look at the skills and characteristics it takes to be a successful senior care franchise owner and operator.

We will also highlight some of the leading franchise opportunities in the senior care / home healthcare segment and break them down by various metrics. This report is designed to give you a high level look at the senior care franchise sector. For a more detailed assessment of any of the franchise companies operating in this sector, we encourage you to purchase one or more of our FBR Franchise Investment Guides, which will give you a much more detailed view of each senior care franchise company and how they stack up to the competition. For more information on our guides, please visit www.FranchiseBusinessReview.com/Guides.php

“Owning and operating a successful senior care franchise can be very fulfilling emotionally and financially.”

### Senior Care and Home Healthcare Franchises Researched for this Report Include

- Accessible Home Healthcare
- Always Best Care Senior Services
- BrightStar Healthcare
- ComForcare Senior Services
- Comfort Keepers
- FirstLight HomeCare
- Griswold Special Care
- Home Care Assistance
- Home Helpers
- Home Instead Senior Care
- Homewatch CareGivers
- Interim HealthCare
- Right at Home
- SarahCare Adult Day Care
- Senior Helpers
- Seniors Helping Seniors
- Synergy HomeCare
- The Senior’s Choice
- Visiting Angels
- And 15 other senior care franchises
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**December 2010**  
**FranchiseBusinessREVIEW**

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**Services**

The core services provided by the franchises in this segment focus primarily around non-medical, in-home care for seniors, such as meal preparation, grooming, bathing, transportation and companionship. Some offer skilled medical care including assistance with medications, wound care, physical therapy, and other medical services. A growing number also offer full medical staffing solutions for nursing homes, hospitals, assisted living facilities, schools, doctor offices, and other healthcare providers. While the primary focus is on delivering services for seniors, most companies provide home healthcare services to non-seniors as well, including services for acute illness, long-term health conditions, disabilities, hospice services and pediatric care. Throughout this report, we use the term senior care and home healthcare interchangeably.

**Investment**

From an investment perspective, owning and operating a successful senior care franchise can be very fulfilling both emotionally and financially. The initial investment required to open a single senior care franchise office averages under $100,000 and can be as little as $50,550 with Home Instead Senior Care, which offers one of the lowest initial investments and the highest yield ratios (Average Unit Revenue / Average Investment) in the group and has also been ranked best in category for franchisee satisfaction since 2007.

Like any small business, building a successful senior care franchise requires a lot of time, commitment and hard work, especially in the first few years. That said, the potential return on your investment is significantly higher than many other franchise businesses. It is not uncommon among the top senior care franchises to build gross revenues of the business to several million dollars, with gross margins of 30–40%. Compare that to many food and retail franchises that require an initial investment that can easily exceed $500,000 and operate with slim margins and you will quickly see what makes senior care franchises so attractive.

**Pros**

In addition to attractive unit economics, for the right person, the senior care business offers relative scheduling flexibility (once your business is established), limited time requirements on nights and weekends (with a good manager/systems in place), and an opportunity to get out into your local community and build strong emotional bonds with clients. Ultimately, it is this emotional connection to clients and community, as well as a strong internal drive to help people, that generates high satisfaction levels among many senior care franchise operators — regardless of their business’s financial performance.

Like many service-based franchises, many new franchisees choose to start by working out of a home office, which helps keep the initial cash requirements low.

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**Top Senior Care Franchises by Franchisee Satisfaction**  
(as of 8/2010)

- Home Instead Senior Care
- Synergy HomeCare
- Visiting Angels
- Homewatch CareGivers
- Right at Home
- BrightStar Healthcare

**Top Senior Care Franchises by Yield Ratio**

(as of 12/2009)

<table>
<thead>
<tr>
<th>Franchise Brand</th>
<th>Investment ($)</th>
<th>Avg Unit Rev ($)</th>
<th>Yield Ratio (Rev/Inv$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home Instead Senior Care</td>
<td>$57,050</td>
<td>$1,072,580</td>
<td>18.8</td>
</tr>
<tr>
<td>Griswold Special Care</td>
<td>$72,500</td>
<td>$1,226,107</td>
<td>16.9</td>
</tr>
<tr>
<td>Interim HealthCare</td>
<td>$152,000</td>
<td>$1,565,291</td>
<td>10.3</td>
</tr>
<tr>
<td>Visiting Angels</td>
<td>$68,160</td>
<td>$661,881</td>
<td>9.7</td>
</tr>
<tr>
<td>Right at Home</td>
<td>$81,635</td>
<td>$770,101</td>
<td>9.4</td>
</tr>
</tbody>
</table>

1. **Yield Ratio** is defined as the average initial investment divided by the average unit revenue of a franchise business. This ratio is used to compare the potential return on investment (ROI) of a business. Businesses within a specific sector typically are valued at a similar multiple of revenue. Therefore, in theory, a higher yield ratio would translate into a higher percentage ROI. Caution: Profitability, market conditions, and other factors will also contribute to the business’s potential ROI.

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Short ethical practices of businesses out to effort to help keep seniors safe from the government regulation in the future in an sector as a whole will face more and more and legal responsibility for services. The licensing requirements, high accountability over, continuous training of staff, on-call 24/7, federal/state/local regulations and franchise operators include caregiver hir.

Cons

The typical challenges facing senior care franchise operators include caregiver hiring and management issues, high turnover, continuous training of staff, on-call 24/7, federal/state/local regulations and licensing requirements, high accountability and legal responsibility for services. The sector as a whole will face more and more government regulation in the future in an effort to help keep seniors safe from the unethical practices of businesses out to make a quick buck. Additionally, shortages of caregivers and medical staff will continue to drive above-average wage increases, putting pressure on business profit margins and pushing the cost of home healthcare out of reach for many Americans.

Market Analysis

The senior care industry is a vibrantly growing, multi-billion dollar segment of the U.S. Economy. Interim HealthCare President and CEO Kathleen Gilmartin told us “the industry has nowhere to go but up over the next 10 to 15 years,” and we strongly agree. According to recent census data, there are over 40 million seniors living in the U.S. (age 65+), and this number is expected to double over the next 20 to 25 years. Combined with the fact that the average life expectancy is continuing to increase, logically, the demand for senior care services is going to grow substantially for the foreseeable future. When you add in the home healthcare services segment for non-seniors (medical and non-medical services provided to clients with acute care needs, long-term health conditions, permanent disabilities, or terminal illnesses), the market opportunity increases significantly.

The senior care / home health care industry is highly fragmented, with over 35 different franchise brands and many more non-franchise businesses competing for market share. And while “first-mover” Interim Healthcare got started over forty years ago and Homewatch CareGivers in the early-80s, many of today’s rapid growth senior care opportunities, including BrightStar Healthcare, Senior Helpers and Synergy HomeCare have been franchising for less than a decade. Non-franchise brands in the sector include public company giants like Sunrise Senior Living (NYSE: SRZ) and National Healthcare Corporation (AMEX: NHC), yet the vast majority of senior care services are provided by “mom and pop” business owners or family members themselves.

Among senior care franchise companies specifically, we expect to see some consolidation (mergers / acquisitions) among the smaller regional brands in an effort to gain national brand awareness and

Largest Senior Care Franchises by U.S. Units

(as of 12/2009)

- Home Instead ................. 585
- Comfort Keepers ............ 559
- Visiting Angels .............. 377
- Home Helpers ............... 325
- Interim HealthCare .......... 294
- Senior Helpers .............. 270
- Right at Home .............. 206
- Homewatch CareGivers ...... 160
- The Senior's Choice ........ 154
- Brightstar Healthcare ....... 141

Largest Senior Care Franchises by Revenue

(as of 12/2009)

- Home Instead ................ $35.6M
- Interim HealthCare ........ $24.1M
- Visiting Angels .............. $9.6M
- Comfort Keepers ............ $9.4M
- Right at Home .............. $8.2M
- Brightstar Healthcare ...... $7.0M
- Home Helpers ............... $5.3M
- Senior Helpers .............. $5.2M
- Griswold Special Care ...... $4.5M
- Homewatch CareGivers .... $4.2M

3. Franchise revenue numbers listed above are based on the gross franchise revenues of each corporate organization and not the aggregate of individual franchise unit gross revenues. The source of these numbers is the audited financial statements of each organization, as published in their 2010 franchise disclosure document.
4. During 2009, Griswold Special Care consolidated several corporate entities, which dramatically increased the overall corporate gross revenues that were reported. The number above is our best estimate of true gross revenues from 2009 franchise operations.
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Fastest Growing Senior Care Franchises by Growth Rate
(Listed by units and 3-year compound annual growth rates as of 12/2009)

- Brightstar Healthcare 
  141 units | 73% CAGR
- Synergy HomeCare 
  95 units | 56% CAGR
- Seniors Helping Seniors 
  86 units | 51% CAGR
- Accessible Home Health Care 
  71 units | 46% CAGR
- Senior Helpers 
  270 units | 43% CAGR
- Right at Home 
  206 units | 18% CAGR
- Griswold Special Care 
  98 units | 14% CAGR
- ComForcare Senior Services 
  120 units | 9% CAGR
- Homewatch CareGivers 
  160 units | 8% CAGR
- Visiting Angels 
  377 units | 8% CAGR

(Market Analysis continued)

We expect to continue to see new franchise start-ups entering the market and competing with the larger systems. A caution to prospective franchisees: Be sure to fully understand how a merger or acquisition could affect your situation and make sure that your franchise agreement clearly addresses this issue. Most of these situations are difficult to predict or plan for, and most franchisees have little or no control over a corporate acquisition. Senior care franchise company Comfort Keepers, for example, has gone through not one, but two acquisitions since 2003 and is currently owned by global behemoth Sodexo, which is a publicly traded European company. An acquisition can provide more resources for growth and other advantages but it can also put shareholder priorities ahead of franchisee priorities — just something to keep in mind.

We strongly recommend that you perform thorough due diligence and consult with current franchise owners, an experienced attorney, an accountant and other business professionals before committing to any franchise agreement.

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(Continued)

Success Attributes
As stated, the senior care / home healthcare business is extremely people dependent — with small offices typically managing 50 or more caregivers and large offices exceeding several hundred. Senior care is also a highly personal business where you commonly get deeply involved with your clients’ and caregivers’ lives and family issues. The business operates 24 hours a day / 7 days a week, where caregiver issues, service emergencies, and client deaths can be frequent occurrences. Successful senior care franchisees require a high level of empathy and people management skills, balanced with strong networking, marketing, and operational expertise. People attracted to the business solely for the potential profit will undoubtedly be dissatisfied and fail.

Summary
The senior care and home healthcare sector offers one of the best franchise opportunities in the marketplace today. The demand for services is very strong and is forecasted to grow significantly. That said, home healthcare is certainly a competitive business sector and those business operators solely attracted to the potential financial opportunity, without laser-like focus on delivering exceptional care, will struggle to be successful.

It is important to note that not all senior care franchises are created equal. Many franchise companies in this sector offer only an average or even below average investment opportunity. It is important to do your research and compare brands side-by-side. For more detailed research and investment guides on specific senior care franchises, please visit us online at www.FranchiseBusinessReview.com/Guides.php