

# Success Story

## Recruiting New Franchisees with U.S. Government Help

### Home Instead Senior Care



#### The Company

Home Instead Senior Care, a franchise service company based in Omaha, Nebraska, is a worldwide leader of nonmedical care for senior citizens who choose to remain at home but require personal care. The company was started in 1994 by Paul Hogan, who had an elderly grandmother in her late eighties. She had 15 children and 55 grandchildren. The family did a schedule for round-the-clock care, but there were still gaps. This was the challenge, so in his twenties Paul started a business based on the needs of his grandmother. That was 1994, in Omaha. Home Instead Senior Care expanded to nearly 100 domestic franchise offices in just 3 years, making it one of the fastest growing franchise companies in the U.S.

Having found success in the domestic market, the company began receiving inquiries about taking its franchise concept international. In 2012, Home Instead opened franchise number 1,000. Revenues hit \$1 billion in 2011. The company's international success has contributed to its growth, with the development of a new technology department in

its international division that has created new jobs at the company's headquarters in Omaha.

#### The Challenge

According to Yoshino Nakajima, Home Instead's Chief Operating Officer for International Markets, the company targeted Japan because of its aging population and high living standard. But the concept of companionship for senior citizens did not exist in Japan. Nakajima and her colleagues had to focus on educating a community on the expanded meaning of companionship for the elderly, and how our services could help families.

#### The Solution

She said: "We held a press conference to introduce the new word *konpanyanshippu* to the Japanese community. Together with market research and additional publicity we were able to initiate an effective market-entry strategy. Japan is the world's second-largest economy, and its family-oriented culture and aging population showed strong potential for introducing our services. We signed a master franchising agreement with

Japan's leading service-oriented provider that has generated more than 100 Japanese franchise offices. Interestingly, the new Japanese word is in common use today."

Although the new vocabulary and savvy press helped in Japan, the success enjoyed may not have happened without the help of the U.S. government. The U.S. Commercial Service was engaged to help find prospective partners. According to Nakajima, "They identify potential partners whose profiles parallel the company's ideal qualifications, and prearrange meetings for us. They also help identify key players in senior care policy."

She previously worked with the U.S. Commercial Service when she ran a Blimpie franchise in Poland. "When I got to the United States," she added, "I contacted the U.S. Commercial Service office in Omaha. There I received market research as well as export counseling and requested partner searches that put me on the right path to entering the Japanese market. I went on a franchising trade mission to Japan, where our services were showcased at Japan's largest franchise show. That's where we met our Japanese partners. They are an excellent resource for learning about a country's cultural issues and regulations. We use them to enter all new markets"

## Lessons Learned

What works in one market doesn't always work in a different market. Having succeeded in Japan, Home Instead wanted to enter the Western European market, but faced new hurdles. In Japan,

the public was not concerned with the price so much as the type of service, whereas in Europe, price was a major concern. Instead of having to introduce the concept of companionship, they had to reclassify their services into three levels as a way for clients to save money.

"In Portugal, two men approached us about opening a franchise in Lisbon. They had been unable to find the right level of care for their ailing parents without having to pay for unneeded services, and they wanted to help other families with similar problems. The men signed an agreement with the company in 2003 to start their own franchise. This began the company's three-tiered marketing strategy for Europe."

A surprise was that the franchises there didn't suffer because of economic problems in that part of Europe. The debt problems and high unemployment have not negatively affected the demand for care for seniors, in part because pricing and service offerings matched market conditions.

Another lesson is the importance of building a brand in a niche market by positioning the company as a thought leader. Nakajima said: "We conduct and sponsor research. We take this research and share it with people in the communities we serve. We apply other kinds of knowledge, including what's being learned about Alzheimer's and the people suffering from it. We turn this knowledge into training for the people who deliver the services. The challenge is to inform government and policy people of what we are doing and learning."

