



**CHILDREN'S**  
**LIGHTHOUSE**  
EARLY LEARNING SCHOOL

# What You Need to Know to Open a Children's Lighthouse



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A photograph of a two-story building designed to look like a lighthouse. The building has a red roof, a red lantern room at the top, and a stone pillar at the entrance. The text "TABLE OF CONTENTS" is written vertically in white, bold, sans-serif font over a dark blue background that covers the right half of the image.

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# Welcome to the Comprehensive Guide to Starting a Children's Lighthouse Franchise!

I'm Michael Brown, and as President of Children's Lighthouse Franchise Company, I have the privilege of leading a brand that is rooted in family values and committed to educational excellence. My journey with Children's Lighthouse began when I was still in high school, watching my father and uncle establish the first location in Grand Prairie, Texas, in 1997. From day one, this brand has been a family endeavor — my two younger brothers and I were involved from the start, and that family-driven spirit continues to guide everything we do today.

In this white paper, we'll walk you through everything you need to know about starting a Children's Lighthouse franchise. Whether you're exploring franchising for the first time or are an experienced entrepreneur, this guide will provide insights and answers to some of the most important questions you may have, including:

- What franchising is and why it's a powerful business model.
- What is in a Franchise Disclosure Document (FDD), and what you'll find in the Children's Lighthouse FDD.
- What you need to know about purchasing a Children's Lighthouse franchise.
- The steps and timeline for opening your own Children's Lighthouse.
- Financing options available to make your dream of ownership a reality.

Childcare is a rapidly growing industry, and Children's Lighthouse is perfectly positioned to meet the soaring demand for premium early childhood education. With our proprietary Lighthouse Pathways® curriculum and a franchise model that empowers entrepreneurs to create meaningful, impactful businesses, we're here to help you succeed.

I hope you keep reading to learn more about what it takes to start a Children's Lighthouse franchise, the support you'll receive, and how you can create a legacy for your family while making a lasting difference in your community.

We're thrilled that you're exploring this exciting opportunity, and I look forward to sharing more about how we can grow together.

Sincerely,



*Michael Brown*

President, Children's Lighthouse Franchise Company





# What a Franchise Buyer Needs To Know About Buying a Children's Lighthouse Franchise

*Investing in a Children's Lighthouse franchise offers an opportunity to make a lasting impact on your community while building a lucrative enterprise.*

Investing in a [Children's Lighthouse franchise](#), the leading early childhood education franchise dedicated to providing values-based care for infants, toddlers, preschool, and school-age children, is more than just a business decision — it's an opportunity to make a lasting impact on your community while building a lucrative enterprise. However, this is a unique venture that requires both passion and preparation. According to [Matt Kelton](#), Vice President of Franchise Development, franchise buyers should understand key aspects before diving in.

"At its core, Children's Lighthouse is about creating a meaningful difference in the lives of children and their families," said Kelton. "There are three things you need to have — the love of education, kids, and making an impact on the community. And it's also important that interested investors understand the financial pieces and operational aspects of the business."





## A Mission-Driven Opportunity

We offer people the opportunity to help prepare today's children for success tomorrow, while creating a wealth-building enterprise for their own family members. Our mission is our Brand Promise: "We create a safe, fun, and happy place that gives your child confidence, a sense of comfort today, and a lifelong love of learning, friendship, and community."

Since being founded 28 years ago, the Children's Lighthouse brand has expanded to more than 70 locations with 24 more in development, and even more in the pipeline. Franchisees are drawn to the brand for its ability to deliver both emotional and financial rewards. With a proprietary STREAM-based Lighthouse Pathways® curriculum and programs for various age groups, the schools nurture the development of confident, well-rounded children while addressing the needs of dual-income families in need of premium childcare.

"There's a significant nationwide demand for childcare," said Kelton. "The demand far exceeds the supply, especially at the premium end."

Over two-thirds of the nation's 22.1 million children under the age of six have both parents in the workforce. Also, the U.S. childcare market size was valued at \$59 billion in 2023 and is expected to surpass around \$88 billion by 2033, growing at a compound annual growth rate of 4.3% between 2024 and 2033.

Children's Lighthouse franchisees can access multiple revenue streams by offering a range of specialized educational programs tailored to different age groups along with summer camps. From the Lighthouse BRIGHT® curriculum designed for early brain development in infants to the dynamic xSTREAM Quest® for school-aged children and engaging summer programs filled with diverse activities, franchisees have the opportunity to attract a broad demographic of families.

## We're Different

Kelton emphasizes that Children's Lighthouse provides unparalleled support to franchisees, setting the brand apart from competitors, many of which are owned by private equity firms focused primarily on investor returns.

This robust support model is rooted in the brand's family-owned culture, which fosters a sense of collaboration and care. "It's a different kind of culture at Children's Lighthouse," Kelton said. "We aren't just driven by a P&L. We are driven by great values and navigating the waters of everything you need to run a successful franchise. Our franchisees can even call our President on a Sunday night."

Kelton also points out that everyone in the company takes seriously the requirement to operate within the confines of the company's core values of integrity, excellence, and passion. "They aren't just words on a piece of paper," he said. "The decisions we make are meant to better the system and provide better tools designed to help our franchisees develop and grow profitable businesses. We do what we say, we strive for excellence, and everyone here has a passion for this brand and the services and care it provides."

## A Significant Investment

Opening a Children's Lighthouse requires a substantial financial commitment, with startup costs beginning at \$1,074,580 to lease a school, and costs increasing if you purchase land and own the building.

"It's definitely a big investment," Kelton said. "And opening a school requires dedication and tenacity. We aren't just helping owners buildout and equip a 'vanilla box' in 90 days. We are helping you build an actual school where over 200 children can learn, grow, and thrive."

The investment with Children's Lighthouse comes with comprehensive support. Children's Lighthouse partners with developers, real estate firms, construction/project managers, and architects with decades of experience in the commercial and childcare space. Our chosen service providers offer end-to-end real estate services focused on securing premium locations in thriving communities. From site selection and lease or land purchase negotiations to groundbreaking and building completion, these partnerships guarantee expert guidance throughout the process.

"Finding the right location is critical for the success of any Children's Lighthouse center," said Kelton. "We've established strong partnerships to help franchisees navigate the complexities of real estate, helping to ensure that each center is set up for long-term success."

These strategic partnerships and this approach not only aligns with the substantial investment required, but also aims to maximize the revenue potential of each center. According to the 2024 FDD, centers open at least 18 months earned an average gross revenue of \$1.94 million, with some locations surpassing \$3.5 million.

## Process Efficiency and Long-Term Benefits

The long-term benefits make Children's Lighthouse an appealing franchise opportunity. Franchisees typically work 10 hours or fewer per week after the first year of operations.

"I've never seen a business that can provide as much wealth potential as the Children's Lighthouse opportunity does with such minimal time investment once the business is off and running," said Kelton. "You hire a director to run the day-to-day activities, which allows franchisees to focus on growing their business or spending more time with their families."

"We help you maneuver through all the initial time commitments related to site selection, permitting, and construction. Our internal team along with the service providers who provide excellent brand support help make the initial phases of getting the school open as efficient as possible," according to Kelton.

## The Right Fit

So, who is the ideal candidate for a Children's Lighthouse franchise? Passion for education and childcare is essential, as is the financial capability to manage the investment. Franchisees also need to understand the responsibility involved in providing care for children — what Kelton calls "people's most prized assets."

"If you have a passion for education, for childcare, and for enriching your community, this could be a great opportunity for you," said Michael Brown, President of Children's Lighthouse Franchise Company. "It's an industry that requires great responsibility, but it's also so rewarding. We love hearing stories of the great achievements children who got their early learning started in a Children's Lighthouse school have had."

For the right franchisees, the Children's Lighthouse model offers a unique opportunity to build generational wealth, partly because it involves a commercial real estate component.

"This is not just a childcare business — it's also a commercial real estate play," said Kelton. "We've made a lot of people wealthy over the years by helping them scale quickly and open multiple locations."

## Why Now?

With open territories in major markets across the U.S., including Dallas, Houston, Raleigh, and Nashville, there's never been a better time to invest in Children's Lighthouse. The brand's family-driven culture and proven model, along with the growing demand for quality childcare, make it an exceptional opportunity for the right franchisees.



# How To Get Financed To Open a Children's Lighthouse Franchise

*An experienced franchise and Small Business Administration (SBA) lender outlines some of the financing options and best practices for prospective franchisees.*

Opening a Children's Lighthouse franchise is a rewarding business opportunity, but like any significant investment, it requires thoughtful financial planning and securing the right funding. 1851 Franchise spoke with an experienced franchise and SBA lender who has been working with Children's Lighthouse franchisees for nearly a decade, to understand the process and key considerations for financing this investment.





## Step 1: Understand Financing Options

According to one source, the journey begins by exploring different lenders.

Typically, a prospective franchisee will talk to the preferred lenders of the brand to gain insight into the different lending programs available to them. The SBA loan program is often a go-to option for franchisees because of its competitive rates and terms tailored to small business owners.

Our source stated, “For the most part, the lending program most franchisees are interested in is the U.S. SBA program. Interested parties will explore the different options within the SBA program and then find out what a lender’s specific qualification criteria are.” Banks review several factors, including the loan structure, interest rates, terms, conditions, project costs, and the equity injection (down payment) requirements.

## Step 2: Meet Lender Criteria

All lenders emphasize that prospective franchisees must have a strong financial foundation to qualify for funding.

A good credit history is critical for everyone involved, as is having the liquidity position required to satisfy the lender’s cash injection requirements. Additionally, potential investors who plan to continue with their current employment bring outside income to support their personal needs, which typically makes the candidate and the project more attractive to lenders. Maintaining existing cash flow helps relieve the financial obligations of the start-up business.

The specific financial requirements for a Children’s Lighthouse franchise include:

- Liquid Asset Requirement: \$1,000,000
- Total Net Worth: \$1,750,000



## Step 3: Compare Lenders

It's extremely important to compare lenders. Even though banks use the same SBA programs, the rates and terms and loan structure can look very different from bank to bank. With a large project like opening a Children's Lighthouse franchise, even small differences in interest rates can significantly impact the overall cost of the loan.

It is also important to learn about the lender's experience and knowledge with the type of project you will be involved in. Having a lender that understands the construction elements and progress benchmarks required when building a school, and the revenue proforma information, can have a significant impact on the time it takes to fund your project.

## Step 4: SBA Pre-Qualification Before Signing Agreements

A common mistake is franchisees committing to agreements before ensuring financing is in place.

"Make sure you have had that conversation with the lender before signing the franchise agreement," she said. "I have seen borrowers who have gone out, signed a franchise agreement, signed a lease with a landlord, and weren't able to get financing."

By discussing your borrowing compatibility and working capital needs upfront, you can avoid unnecessary hurdles.

## Final Thoughts

Financing a Children's Lighthouse franchise requires thorough preparation, a clear understanding of lender expectations, and the right financial strategy. We help interested investors confidently navigate these steps before the franchise agreement is signed and well into the next phases of the project.



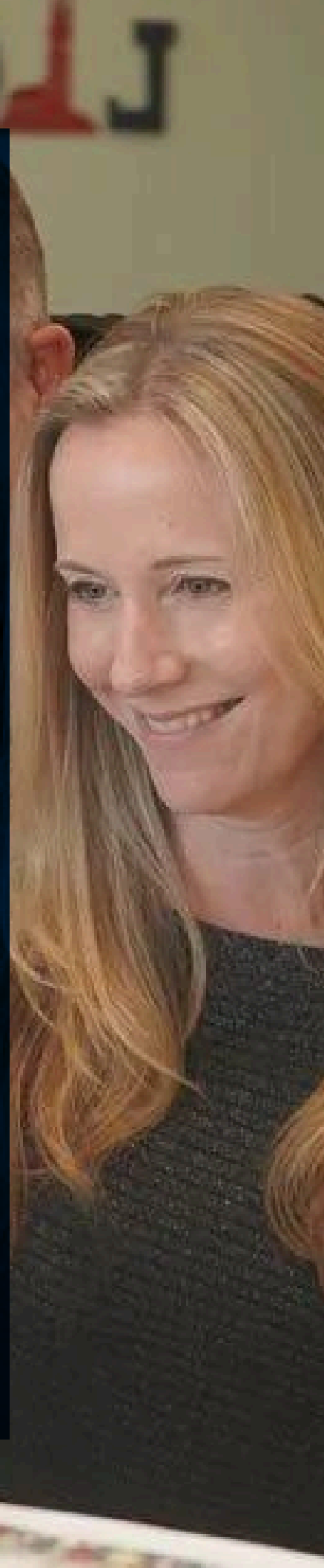
## Comprehensive Support at Every Step: What to Expect From Children's Lighthouse

*You've signed your franchise agreement; here's what's next. The early learning franchise stands by owners from day one, recognizing that the brand only succeeds if franchisees succeed. From construction help to ongoing mentorship, Children's Lighthouse is there.*

Becoming part of the Children's Lighthouse family is much more than just investing in a successful business model. As a family-owned concept, the 70-plus-unit early learning franchise continues to embrace its roots; each franchisee is made to feel like a valued business partner, complete with all of the connections and support they need to succeed. "We have a well-structured process that takes potential franchisees from initial interest to the grand opening of their school," said Matt Kelton, Vice President of Franchise Development.

While maintaining its core values of integrity, passion, and excellence and providing robust support, the early learning franchise has developed a detailed system to guide franchisees through each step along the way.

"From the moment any franchisee signs their franchise agreement, the support is very hands-on with pre-opening project and marketing support, curriculum training and implementation, and ongoing operations training," said Colin Berry, Vice President of Brand Development. Kelton added, "During the development phase of the project, we have bi-weekly calls with every franchisee to help ensure they are hitting every milestone along the way."





## Onboarding

Once the franchise agreement is signed, the entire team remains available to franchisees, and support remains steadfast during all phases of the life of the business.

"Getting the project off the ground and getting the school open requires the focused attention of everyone involved, but our support continues every day thereafter," said Shelly Pair, the Vice President of Operations. "And everyone the franchisee interacted with during the discovery process remains available as a resource every step of the way," she added.

Within the first two weeks after signing the franchise agreement, the Children's Lighthouse team launches the onboarding and support process, starting with a discussion that revolves around real estate options for sites. Either before the initial meeting occurs, or as part of the meeting, the franchisee and Children's Lighthouse will agree on the assigned, protected search area (PSA) the franchisee will have. While the PSA is in place, no other Children's Lighthouse franchisee will be approved to search for a site within the same PSA.

## Bi-Weekly Support Calls and Guidance

As mentioned earlier, a bi-weekly call schedule will be setup to help keep the project on track and to provide a space to ask any questions or address any hiccups that arise during the development process. These calls start with onboarding and continue until the school opens. They cover a wide range of topics such as site selection, lending options, site approval, competitive analysis, architectural guidance, permitting, construction processes, pro forma analysis, marketing strategies, guidance on establishing tuition rates, and enrollment.

"We keep this bi-weekly schedule to ensure we stay connected and are available to support owners throughout the whole process," Berry said. "This is not a scenario where someone signs their franchise agreement, and we send them off on their own to figure it out."

"We have a project management team that assists franchisees with the entire process," Kelton said. "There are around 1,500 steps in the process. A lot goes into building these schools, and we continue to work to make the process even more efficient. We are constantly learning and evolving so that we can offer our franchisees the full support needed to keep their projects moving along."

## Pre-Opening Franchisee Training

Our ongoing training is comprehensive. In addition to the knowledge franchisees gain during the bi-weekly development calls, franchisees will learn about the licensing and operational aspects of running the business while attending training in-person at the Children's Lighthouse Franchise Support Center. "The time spent at our Franchise Support Center in Fort Worth is a pivotal part of this journey, setting the foundation for success," said Pair.

"During owner training, franchisees are introduced to vendors, discuss marketing strategies, and review operational procedures. We cover topics such as becoming familiar with the childcare industry, guidance on regulatory compliance, and budgeting. We provide a high-level overview of everything to complete 90 days before opening. This time together also serves to strengthen our relationships with those who attend so that they see that we truly are here to help them succeed."

## Recruiting and Onboarding Key Staff

As opening nears, we support the franchisee in building their leadership team. While Children's Lighthouse cannot make hiring or firing decisions, we provide step-by-step guidance and feedback throughout the process.

"Roughly 120 days before opening, franchisees will kick off the recruiting process to build the perfect leadership team," Pair said. "We're with them every step of the way, and we make ourselves available to provide the guidance they need while drawing from the decades of early childhood education and care experience we have that they may not have, which we share freely."

"Once the director is chosen, they'll attend our Lighthouse Leadership Academy, which is also held at our Franchise Support Center in Fort Worth," Pair continued. "It's a rigorous, 40-hour training program that fully equips school directors with the skills and knowledge to run the school not just efficiently and successfully, but also as a Children's Lighthouse early learning school."

## On-Site Pre-Opening Support

As the opening day approaches, franchisees will receive guidance to ensure all rooms are properly set up and stocked to meet licensing requirements and Children's Lighthouse brand standards. On-site support will be provided to review all details, ensuring that the curriculum, classrooms, and staff readiness are in order. "We strongly believe it's important to provide in-person support at this point in the process. We want our franchisees and their teams to feel comfortable, excited, and supported," said Pair.



## Post-Opening Coaching and Long-Term Guidance

Once the school is open, each franchisee is assigned a specific franchise business coach (FBC) who provides ongoing, day-to-day support that is specific to the needs of the school. FBCs visit their assigned schools on a regular basis and are always available through all forms of distance communications to answer questions, troubleshoot problems, or just serve as a sounding board.

Schools also have access to field marketing support. "Our continued support is very personalized. We believe in a very localized approach as no two schools are the same," Berry said. "Childcare is a unique business and one of the most competitive local businesses out there, so our support strategies, including coaching and marketing, are all tailored to the unique needs of each location."

"The real strength of our brand lies in the tight, personalized support we offer," Pair said. "Our FBCs manage a carefully selected number of schools, ensuring they can provide in-depth attention and support. So, if a franchisee needs anything beyond the scheduled check-ins, we're ready to jump in. Whether it's additional site visits, extra video calls, or more phone time—we'll do whatever it takes to help them reach their full potential."

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SCAN ME





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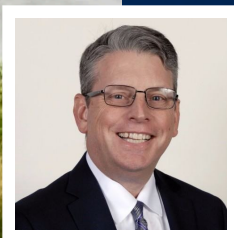
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