

Show Date: 09/15/11

Guest Name and Title: Anne Saunders, CMO

Guest Company: Knowledge Universe - United States

Lou Thurmon: Welcome to The Brand Show. I'm Lou Thurmon.

IV Whitman: And I'm IV Whitman.

Lou Thurmon: Our guest today is Anne Saunders, CMO of Knowledge Universe - United States. Anne discusses education's force and the future of our country and the world. Learn how Knowledge Universe's holistic approach to business and education is creating the generation that's primed for potential. Anne, welcome to the show.

Anne Saunders: Thank you, so much I'm glad to be here.

Lou Thurmon: The Knowledge Universe story is deep; can you share the genesis of the company and the driving force behind the growth and innovation with our listeners?

Anne Saunders: Absolutely. A lot of people don't even think that education can actually be a business. For us, what we're excited about is to bring the energy, the innovation, the entrepreneurship that you see in business to the really important work that's done by educators all across the U.S. and really globally. Our founders were people who are high-net worth individuals. They're very involved in education on a philanthropic side and they started thinking about the changes that they needed, they felt needed to be made in the educational system in the United States. They looked at their business expertise and felt as though they might be able to make more of an impact that way by actually getting involved in the business of education. So right now, we have a number of different brands. We have about 1,600 schools in the United States; that's the biggest part of our business. We also have a global business that is teaching children, adults. We create our own curriculum. We even educate people online. We work directly with school districts and with companies who want to provide education to their employees as an amenity. So the breadth of our offering is quite wide. We have decades of expertise and at the end of the day, what we're here to do is really transform the world through the power of education.

Lou Thurmon: You know what? I have to say with all of the changes needed in education that make an impact not only in our country and our world, there is a polarizing difference between early childhood education, which is birth through kindergarten, correct?

Anne Saunders: Yes.

Lou Thurmon: Then kindergarten through twelve. Anne, I would love to hear what Knowledge Universe is doing and focusing on in terms of advocacy and branding and promotions to help refine that focus of starting education at birth verse at the age of five or six.

Anne Saunders: It's a great question, observation. So much of I think the way we were all raised, right, was really to think about an elementary school education as where you kind of began your learning experiences. What we found out over the last several decades, there's amazing research that's been done, and it shows that actually from birth to three is the most formative time for development of a child and their overall potential. If you look at the two, the learning they do from zero to five or six till the time they enter kindergarten is what lays the foundation for everything that follows. So, there are definitive studies that show that children who have a terrific early childhood education, a preschool education, they are far more successful in school and in life because of that. So, some of the challenges really as a society are that so much of our funding, our public funding, is tied up in K through 12, very worthy and deserving of society's investment. If you look at where you spend the dollar, if you spend the dollar in early childhood and getting you're a child terrific start, that dollar will pay off in dividend to your child far more than actually a college education will. The child will be far better prepared for college if they had a great early childhood foundation. So, here in the US most of what we do is in early childhood. Our kind of flagship brand is KinderCare and everyday we educate 150,000 kids from zero to five. We probably teach more people to read than any other school system. It's work that our teachers, our school staff feels really mission driven to do. They know what a difference they're making in people's lives. So we spend a lot of time as a business at KU level, at the KinderCare business really trying to help create awareness among – we do advocacy. We do policy work. We do outreach to government officials, state, local, federal. We work a lot with the Department of Education really trying to help people

understand how important early childhood is. This administration is very, very receptive to those ideas. They have done more to try to encourage investment in early childhood in recent years. It's terrific. We also are working with parents. We do a lot of research and we try to highlight the research that shows that early childhood education can lead to success. We have a terrific white paper actually on our website. It's called Primed for Potential. It summarizes in really kind of very understandable terms what the research shows. We also try to be very active parts of the community in which we operate. Again, we are in about 38 states and we try to help parents and families and communities understand ECE. We're also very active in the National Association for the Education of Young Children. It's an external association that certifies really kind of quality learning environments. We have the largest number of schools that are certified more than any other operator. So we're very focused on helping people understand, making sure our quality is terrific and are really outreaching to the communities we operate in.

Lou Thurmon: It such a holistic approach from immediate families, to the classrooms to the community all the way up to administration on a national level. With that commitment to the focus in helping people understand not only the importance of education, but how you even do that, what is your approach on a strategic level? What are some of the core focuses that you have within Knowledge Universe that really say, "As long as we stay on this course, stay on this line, all the things will follow in tow"?

Anne Saunders: That's terrific. That focus for us is about preparing children for school. So at the heart of everything we do, it is helping make sure that as the child graduates from our preschool that they are ready to learn to their best potential. I think that there are any number of facets of that it is clearly by the educational experience that child has that starts with our teachers. We employ about 30,000 teachers nationwide and those folks do what they do because they love children and love to see children thrive. So we have a curriculum that we've developed that maps from infancy, right, little babies are actually learning. Many of the activities that you see them do or see young toddlers do are very learning-based. They're learning about early literacy. They're learning about numbers and math themselves, the world around them. So, we have a terrific curriculum that our great teachers use. It's also

critically important to make sure the parent is involved in that child's educational experience. That will help the teachers be much more successful with that child if the parent understand how the child is developing. What areas they can help reinforce? So, that conversation between the teacher and the parent is also really, really critical. One of the things we do to help our teachers is give them ongoing education. We, this year, will spend over a million hours helping teachers be better prepared in professional development for them. So, all of the things we think about in our business are really about optimizing that experience, that educational experience, and we've got all the things that other businesses do in more traditional kind of businesses. We update our facilities and we try to tell people about our business and invite them to enroll in our schools. We hire people, but at the heart of what we do it's really focused on that teacher-child-parent interaction.

IV Whitman: Teaching is a big part of Knowledge Universe and learning is the other side of the coin. So, what does Knowledge Universe do to learn how to be a more successful business as well as a more meaningful brand to its customers?

Anne Saunders: That's so interesting. It's funny. One of the things we talk about is often being a learning company and it's a great opportunity. I think many of us too – I didn't come from education and it's interesting to bring other company experiences here. We have 1,600 schools so we're really a multi-unit operator. Learning from other places that are service oriented, that are experientially oriented, a lot of what we do is really around motivating. We call our employees partners so motivating our partners, training our partners. We're embarked right now actually on some very large system changes because we're wanting to really help our systems enable our school level staff to spend less time on administration and paper work and much more time in the classroom. So, you look at experiences that we've all had in large companies and thinking about how to apply, process and things to enable much more time on the frontlines for people. The other place that we have a great opportunity to learn from is actually our international operation. So we have businesses in Singapore, in Malaysia, in the UK. Singapore is one of the places I think is very, very interesting. Several decades ago the president of Singapore decided that Singapore was going to differentiate itself, and really for a country with very few natural resources wanted to

be competitive on the world market, and the way that they chose to do that was through education. So they have state of the art educational programs. Actually, my daughter is five and she's only just graduated from KinderCare, but my daughter was in Mandarin language immersion class for two years. So for eight hours a day, she went to school in Chinese. We developed that program here in the US in partnership with one of our other schools called Pat's Schoolhouse in Singapore and Pat has this immersion language program and we borrowed teachers from Pat's and brought them here and are piloting a Mandarin language program. So, we certainly will look at other retailers, but a great opportunity to also learn from some of our sister companies in other parts of the world.

Lou Thurmon: Absolutely. Let's swim upstream just a little bit. We've talked about education not only within the students, but the parents and with your internal partners as well. With technology changing as rapidly as it does and its effect on education from internal, inside the brand, to externally, can you share with us a little bit about how you leverage online in regard to the purchased decision within parents enrolling their children within your schools?

Anne Saunders: That's probably one of the most dramatic changes we've made in recent years with the company. The industry itself, early childhood education, is highly fragmented and many of the ways that they connected with parents have been fairly traditional. Published Yellow Pages, direct mail and – when I arrived at the company a couple of years ago, I looked at that and I looked at the average age of our parent, right, which is in the 30s and said, "Oh, my gosh. These parents are not using the Yellow Pages anymore." So, we have spent the last couple of years beginning with our website and making it not just kind of a geographical listing of our locations, but really making it a destination resource for parents to find out more about early childhood education and how to select a school for their child. I remember when I was doing it for my children, it's very daunting. As a first time parent looking for education and care for your child, you don't really know what to look for. You're very nervous about it. It's hard a decision. You might even feel guilty about needing to have care for your child. What, really, the research would show and it's certainly true in my own life that the child is actually significantly better prepared for later learning if they do have a preschool-based experience and even care and education for them before that.

So we started with the website and really trying to give parents the information that they need to make an informed choice overall. We clearly hope they'll choose our school, but what's most important is to give them access to information. We also have found a really great outlet in social media. So we launched our first kind of a foray into Facebook in 2010 and in the first nine months of this year, we've had over 2 million Facebook postings by our families. About 10% of our families have friended us so far on Facebook. A lot of that is informational. It might be questions that the community brings up and it's a great resource for parents to share with each other. Sometimes we'll find a customer service related issue that comes up that we're really happy to have the opportunity to address. So, it's been a great way to have what I would call more informal dialogue with our parents. We also have a Twitter account that is – we have about 10,000 folks following us right now. What we try to do there is do topical things that interest around ECE. So as we find new research or conduct research amongst our parents or amongst teachers, we share that on Twitter. We have also a program that is trying to drive early literacy and access to books. We call it Read. Share. Give. So early literacy and reading to children is one of the most important things you can do. Many children in the US actually don't have access to books. So what we're trying to do is get people to read and share a book with others and then we will, based on people reading and participating in our campaign, we will also donate and give books. We're inviting our families and our children to also give books to others who may not get them. So in many ways, to kind of create a viral community around our parents and their knowledge about literacy and the issues that are important in early childhood. So we're very firmly entrenched in the digital age now and I can only see that increasing as our teachers continue to - our parents, right, continue to be of an age where they really will all be digital natives. So our kindercare.com website or our kueducation.com website are both great places for people to go and get really good resourcing about parenting and early childhood education.

IV Whitman: That's great. I have a question for you about national versus international. A national brand trying to create messages and using channels to reach its perspective audiences is one thing and going international is another because people are different. I'm wondering how you adjust your message and

your outreach nation by nation. Or is it a universal message in a universal channel strategy?

Anne Saunders: No you're right. Education is different in – some of the fundamental precepts are the same. Children's brains work the same way. This early exposure to numbers and letters is a universal thing, but the weight that parents put on it or societies put on education is different. The orientation and approach honestly here in the US people are less serious about early childhood education than they are in many other countries. I think we are much more focused on play and not encouraging academic focus at a very young age and that's different in other countries. So we do moderate our message. Language is more important in other countries as well; a second language or a third, fourth language for children than there is here. So, our offering continues to have the appropriate [rigor], it's all- research-based, but we'll vary. We also are a company that has significant brands or acquisitions. So in other countries we have brands that were homegrown and grown there. I think there's one offering that we have that is a little bit more international and that's our business to business offering. So we have a part of the company called WorkLife Solution. Many employers find providing onsite childcare and early childhood education is an amenity that helps them attract and retain terrific workers, makes them very highly desirable benefit; makes the workers actually far more productive at work too because they're not worried about the situation of where their child is or being far away from their child. So we have for example relationship with Cisco, where we run their onsite facility for them in California, in their Bay area location. They had a similar need in Bangalore. They had actually a lot of expats. They had a lot of people living there who – and in India that idea of a school-based setting for preschool and young children is not as well-developed as it is here. There is a lot of in-home care, but that idea of a school-based situation was something expats wanted. So, we actually opened a center for Cisco in Bangalore. So, that idea of selling to multinational corporations of education as an amenity, but have that offering be consistent, have consistent standard around the globe is something that increasingly large companies are looking at.

Lou Thurmon: That's wonderful. You guys truly have a very stable handle not only on your core offering, but your positioning globally and

nationally, and that is really something that a lot of brands could really learn from by taking note of Knowledge Universe. Anne, thank you so much for your time today on The Brand Show.

Anne Saunders: Thank you very much for your interest and your questions. I appreciate it.