



WHAT TO EXPECT IN YOUR FIRST YEAR

AS A BRIGHTSTAR CARE FRANCHISEE

Table of Contents

I	Introduction
II	Meet Mike and Sharon Perez <ul style="list-style-type: none">• Challenges and Victories• What They Learned
III	Meet Mike Tamberino <ul style="list-style-type: none">• Challenges and Victories• What He Learned
IV	Conclusion

Introduction

Starting a new business is exciting and daunting at the same time. The potential is limitless, but the first year is always the most challenging, especially if you're new to a particular industry.

But, it's important to remember that nothing worth doing is ever easy.

And, consider this: BrightStar Care has more than 330 locations across the United States, and each franchise owner went through a first year, too. Many of them do not have health care experience either. What they did have was the support from a leading home health care franchise brand and the entire network of fellow franchise owners who have gone through the same experience.

Meanwhile, the demand for home health care is high and growing, making 2020 the perfect time to pursue ownership of a BrightStar Care franchise. Baby boomers are reaching retirement age at a rate of 10,000 individuals per day, and the number of people who are 85 and older is expected to increase from 7 million in 2020 to 19 million by 2050. Baby boomers, Gen Xers and millennials want to age in place, too, which increases the demand for home health care for generations to come.

The future looks bright for BrightStar Care franchisees. Here, two of them – Mike Perez and Michael Tamberino – share their first-year experiences, which include some challenges along with victories and learning experiences that have made them better home health care agency owners.



Meet Mike and Sharon Perez

Mike Perez came out of retirement to become a BrightStar Care franchisee with his wife Sharon in Santa Barbara, California. While Sharon's professional background included social work, hospice care and hospital administration, Mike's professional experience was in construction sales.

However, Mike had a deep appreciation for the work caregivers did. Years earlier, he served in that role for 14 months for a loved one who was battling cancer.

As her sole caregiver, he dressed her wounds among other things.



"I knew nothing about medicine," Mike said. "But, I was thrust into caring for this person, and it was a real eye-opener for me."

One of BrightStar Care differentiators that resonated with Mike and Sharon, especially Mike, was the ability to provide skilled medical care to clients in their homes, in addition to companion and personal care.

With a growing portion of the population preferring to receive medical care at home after a hospital stay and more people wanting to spend their final days at home rather than in a hospital, Mike and Sharon felt they'd be able to serve more people with a BrightStar Care franchise.

"We see that as the future of medicine and wanted to be at the beginning of it," Mike said.

The couple opened their BrightStar Care agency in July 2017. They now have more than 80 caregivers and over 40 clients.

The Challenges and Victories

The biggest challenge Mike and Sharon encountered their first year was getting their operating and skilled care licenses approved by the state of California.

The lease for their home health care agency began six months before their operating license was approved, as they had to secure an office in order to include it on their license application. Mike and Sharon were paying rent, but unable to generate revenue. They fell further behind their revenue projections when the state's approval of their skilled medical care license took longer than they anticipated.

"The licensing took a lot of our time," Mike said.

But, Mike and Sharon were productive in other ways during the delay. They wasted no time hiring a full-time, experienced recruiter, who helped them find office staff and caregivers. At the same time, they hired their daughter as a scheduler and she has played a vital role in staying on top of day-to-day operations. They also used the time to train new hires. All members of the office team received caregiver training, too. This allowed Mike and Sharon to vow not to say, "No" to any case that came their way and never miss a shift.

When they opened, they were well-prepared to serve their community members who needed home health care as soon as they became clients. On the third day BrightStar Care of Santa Barbara was open, they took on their first "big" case, which required round-the-clock care.

"That was our biggest victory," Mike said, adding, "It really set the tone for our success."

Despite the obstacles, Mike and Sharon's home health care agency was recognized by BrightStar Care as one of the fastest-growing franchisees in their first year of operation. And, remaining true to their business vows, they continue to fill every shift without having missed one since opening in July 2017.



What They Learned

Mike and Sharon learned a lot during their first year in business.

First, they learned they had to be flexible. They found that being flexible was easy thanks to the well-structured business model of BrightStar Care, which includes ongoing support. That made taking on the challenges manageable.

“We’ve had great support from the BrightStar Care support team,” Mike said. “We’re really happy about that. Whenever we have a question, we get an answer. If we have an issue, they help solve it.”

They also learned how valuable time away from the business is, too. The first year of any business can be stressful, and business owners must find ways to cope with the pressure. That often means turning your focus to interests outside of the agency. For Mike and Sharon, who welcomed a new granddaughter into the family during the start-up phase of their business, they spent time getting to know her.

“It was great to go home and hang out with her,” Mike said.

Having hired dependable and competent team members to staff the office, the couple has even begun to travel again.

“We are able to step away now, which is really nice,” Mike said. “That’s a big stress reducer.”

Mike’s advice for anyone considering becoming a BrightStar Care franchise owner: Follow the business model.

“We’re glad that we invested in a franchise, and we’re really happy we invested in BrightStar Care,” Mike said. “By following their model, it allowed us to spend our time doing other important things, like finding customers and providing A Higher Standard of care.”



Meet Michael Tamberino

Michael Tamberino worked in account management/customer relations for a company that produced and delivered certification exams when the desire to own a meaningful business blossomed. He discovered BrightStar Care through a longtime friend and former college roommate who is himself a BrightStar Care franchise owner in Alabama and Florida.

Michael, who comes from a family of small-business owners, observed the success his friend experienced in the home health care industry. This piqued his interest in home health care and BrightStar Care in particular. “When I was in roles where I could clearly see the value of what I was doing and how it was positively affecting people, that was most rewarding for me,” Michael said.



His professional background, which involved licensure, certification and standardization, fit well with BrightStar Care’s motto, A Higher Standard of care. The brand’s reputation and commitment to living the motto appealed to Michael. He found it to be a unique differentiator in the home health care industry.

“What attracted me to BrightStar Care, besides its brand reputation, was its commitment to doing things at A Higher Standard, in particular those set by the Joint Commission,” Michael said. “That says something. Having Joint Commission accreditation and caregivers who have achieved certain licenses is not only a testament to the company’s merit, but the merit of the individuals who work for the company, our competence and ability to deliver high-quality care and do what’s right.”

Michael became a BrightStar Care owner in Bel Air, Maryland, in Dec. 2017 and opened his doors in July 2018. Today he has a total of 40 staff and caregivers serving 25 clients.

The Challenges and Victories

Finding caregivers is not particularly difficult. But, finding caregivers who meet the high standards Michael set for his franchise was challenging at first. However, he noted, this is a challenge every business encounters, whether old or new.

But, because home health care deals directly with people's lives and he was using the Golden Rule ("Do unto others as you would have them do unto you") as his agency's north star, he was compelled to find top-notch caregivers with the same mindset. They had to be committed, accept feedback and coaching, and care for clients as if they were caring for one of their own family members.

"All of the aspects that go into people management are challenging," Michael said. "But, if we do it right, our biggest strength lies in our people."

Michael continued to be very selective and hired caregivers who met his and BrightStar Care's standards. And, they did prove to be BrightStar Care of Bel Air's biggest strength evidenced by the accumulation of clients. His agency's caseload includes long-term cases with clients and families who have been great to work with.

"I feel like they believe in us, which I don't take for granted, especially being that we're so new and don't have a five-year track record of delivering care at a high level," Michael said. "Our clients have to have trusted us to give us the opportunity to do business with them."

Because providing A Higher Standard of home care is key to success, Michael is directly involved in hiring caregivers.

"We have a regimented hiring process," he said. "I conduct all of the in-person interviews, and I use a simple standard: If I wouldn't trust this person to care for my own mother or father, then they just cannot be part of this organization."



What He Learned

Two lessons emerged during Michael's first year as a BrightStar Care franchisee:

One, your business is only as good as your team. Having a high-quality team that is committed to your purpose and mission is how you serve your clients the way you want them to be served.

"It's especially important in your first year," he said. "You have to make sure you're surrounded by people who are bought in, especially when you're brand new."

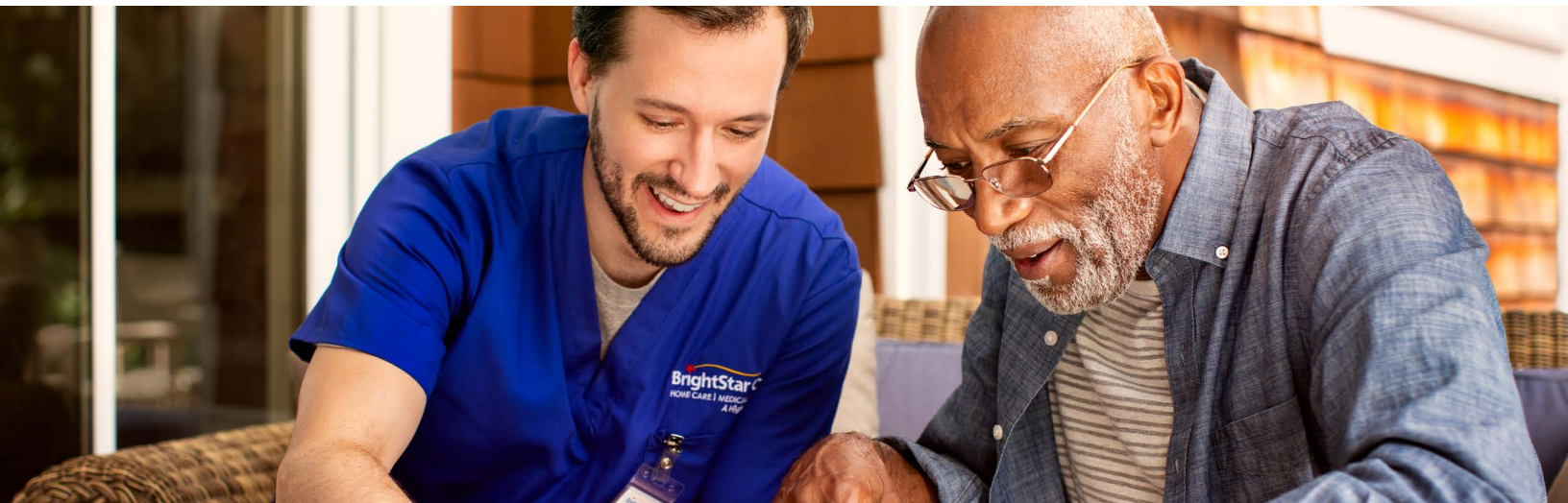
Michael points to a case that involved a client with cerebral palsy who was confined to a long-term care facility.

The team at BrightStar Care Bel Air suggested to the client's family that her caregiver take her to a special needs support group at a local church. Michael said her family agreed, and it changed the client's life for the better because the trip to the church gets her out of her residence and interacting with the outside world.

"She now has some happiness in her life that she didn't have before, which has help improve her physical and mental health," Michael said.

The second lesson is that the emotional ROI is as important as the financial ROI.

"It's really the most important ROI," Michael said. "If we continue to do this and have these opportunities, successes and positive outcomes, the business and its growth and the financial return are going to take care of themselves. It's important to focus on the right things. Providing A Higher Standard of care and opportunities to our clients that they wouldn't have if we weren't there is important. "



Conclusion

Similar to owning any new business, getting a home health care business up and running takes a lot of hard work and most of your time in the first year. The payoff comes in the way of the victories and experiences that are converted into knowledge that make the second, third, fourth and more years easier.

It's important to keep in mind that every BrightStar Care franchisee experienced first-year challenges. That's the nature of starting a new business. It's also important to look at the successes of our franchisees during the duration of their agency ownership:

- Our franchisees earned an average unit revenue of \$1,772,699*
- The top quartile of our franchisees averaged revenue of \$ 3,569,191**

Both Mike Perez and Michael Tamberino invested in a BrightStar Care for the right reason: They wanted to help people in their communities who needed in-home care. When they encountered challenges, they were in good shape to overcome them because they were part of a well-respected, recognizable and proven home health care franchise brand. While they put in plenty of sweat equity and applied their own skills, they also relied on the BrightStar Care model and mission to move beyond the first year of business.

*2018 average unit revenue for all first franchise locations that were open 12+ months as of 12/31/2018, per our 3/31/2019 FDD as amended 10/23/2019 - Item 19

**2018 average revenue of top quartile franchisees for all first franchise locations that were open 12+ months as of 12/31/2018, per our 3/31/2019 FDD as amended 10/23/2019 - Item 19.

A new franchisee's results may differ from the represented performance. There is no assurance that you will do as well, and you must accept that risk. This offering is made by prospectus only.

For more information about this home care business opportunity, contact us:

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