

TOP STORIES

Landlords turn on charm in our final Brave New World installment



CRAIN'S

NEW YORK BUSINESS

SPECIAL REPORT
Medical malpractice insurance muddle
PAGE 12



VOL. XXV, NO. 24 WWW.CRAINSNEWYORK.COM

JUNE 15-21, 2009 PRICE: \$3.00

SMALL BUSINESS

Recession-proof child care

With some tweaks, providers thrive by catering to both kids and parents

BY KIRA BINDRIM

THOUGH PARENTS are cutting back on everything from haircuts to designer duds for their broods, some child care providers are weathering the storm by offering programs that also cater to moms and dads. Others are tweaking classes and costs. By innovating and providing value, many outlets are poised to emerge from the recession with just a few scraped knees.

"It's like a club for the whole family," says Tracey Frost, founder and chief executive of Citibabes, which offers activities for everyone. At the SoHo location, kids can play in the tumble room, attend preschool classes or participate in singing or crafts. The center also offers parenting seminars, and features an organic café and in-house gym for adult members.

Ms. Frost, who worked in banking before opening Citibabes in 2005, says she hasn't had any falloff in the center's 650 membership families. But she has seen some signs of economic distress: A growing number of fathers are bringing kids in, and more parents use the gym.

Even better

CITIBABES' REVENUE rose 11% last year from 2007, to nearly \$3 million. Ms. Frost expects this year to be even better. She's opening a Scarsdale location in August and is interested in launching outposts on the Upper East and Upper West sides.

The story is similar at New York Kids Club, where founder Pam Wolf says parents are willing to pay for enrichment even in hard times. It will open a seventh location in September, thanks in part to more affordable rents. Revenue was up 25% last year, to \$7.5 million. NY Kids has no membership fee, and the per-session cost for classes—ranging from cooking to rock climbing—makes it optimal for families wary of a long-term commitment.

Ms. Wolf says letting parents watch or participate in classes is key to the club's appeal. "Socialization

for a new parent is as important as growing motor skills for a new child," she says.

Linda Ensko, executive director of Buckle My Shoe Nursery School in Manhattan, insists that creating a community of parents is central to children's learning.

"Education is not top-down," she says.

The school uses the Reggio Emilia approach, which emphasizes involvement of parents, who often work together to develop curricula. Despite the high tuition—between \$10,000 and \$30,000 a year—enrollment at Buckle My Shoe is up.

"People are redirecting their energy to family," says Ada Calhoun, editor-in-chief of parenting site Babble.com. "It's a silver lining to the recession."

The downturn has affected family-friendly centers in some ways. Citibabes shuttered an in-house spa earlier this year, and sales at its clothing store have plummeted. Earlier this year, parents were cutting back to one class a week at NY Kids Club, Ms. Wolf says, though numbers have returned to the normal average of three. And MiniMasters, a play and arts space in TriBeCa, closed earlier



KEEP THE PLAY DATE: Citibabes hasn't had any falloff in membership, says owner Tracey Frost.

BUCK ENNIS

this month.

At Citibabes, where membership runs families \$2,100 a year, Ms. Frost has reduced the cost of preschool by 15%, added weekend entertainment and dropped a requirement that a parent be on-site while kids are in classes. Citibabes has also partnered with area retailers to offer its members special discounts.

More for less

NY KIDS CLUB has added Friday afternoon events and eliminated a \$20 fee on open-play sessions. Ms. Wolf also reduced some class prices from

the flat \$50 to as little as \$27.

The mix of education and quality time makes family-friendly child care a tough cost to cut.

"It's such an economic win for us," says Citibabes member Nellie Nakatani, each of whose three children takes more than five classes a week. "It's never really been an option to take that off the table." ■

To sign up for *Crain's* new twice-weekly **SMALL BUSINESS NEWSLETTER**, go to www.craainsnewyork.com/smallbiz