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Shaping the World of Tomorrow

Ten years after humble beginnings as a childcare management company, Guardian Early Learning Group has emerged as one of Australia's leading childcare providers, today operating 60 high-quality early learning centres across Australia.

Images by Scott Ehler

When Tom Hardwick started his career as a corporate lawyer, he couldn't imagine the twists and turns his life would take. Now CEO and co-founder of Guardian Early Learning Group, it's a long way from his initial job after graduating from the University of Melbourne with degrees in law and commerce in the early 1990s. "I started life as a corporate lawyer and specialised in workplace restructuring and industrial relations," Tom says, describing his career progression. "Then I won a Fulbright scholarship and went to the US and worked over there for a year in management consulting, and came back and did that here in Australia for a few years. Then I moved to Sydney in 2001 and got into investment banking before moving into property funds management in 2006."

It was during this period, after moving to Sydney in the early 2000s, that Tom was given the opportunity to get involved in the childcare sector. He and his wife had previously started a childcare centre when they returned from the US, so he had some experience in the industry already. "When my wife and I started dating in our very early years, she went into childcare and worked in the sector, and when we were in the US in 1996 we went and visited a lot of childcare centres and came home and started our own centre. But a few years later, we had a couple of children and it was just getting too hard to manage the business and the children, so we sold the business and got out of the sector for a while. Then when I came to Sydney, we had a couple of friends who were starting up a childcare business and they said I should get involved because I knew something about the sector, so that's how we started Guardian as a childcare management company back in 2004."

Tom was involved with Guardian from its inception as a founding shareholder and 'moonlighting director', but moved into the CEO role in 2010 when the group raised its first round of private equity to acquire a portfolio of 17 centres from its largest client. This marked the commencement of Guardian's transformation from a childcare management company to an owner–operator of early learning centres. Since 2010, Guardian has continued to acquire new centres, including a number of high-quality portfolios such as the Jigsaw, Treehouse, and Playdays groups, while building a new centre development capability that has added greenfield sites as another avenue for growth.

This aggressive growth profile has been funded through the business's retained earnings (it has ›

never paid a dividend), expansion of its banking relationship with Bankwest, and the introduction of a new, larger private equity partner in Navis Capital. While the challenges of sourcing adequate capital and transitioning newly acquired centres are significant, the greatest challenge faced by Tom and his team has been to remain focused on improving the performance of their existing centres while building an organisational culture reflective of Guardian's new focus on ownership of centres.

"We set about building an organisational culture reflective of Guardian as the owner of the centres and the employer of our centre educators. We renamed our group entities, rebranded, defined our corporate philosophy, and sought to improve our communications across the organisation. We started focusing on optimising the performance of our existing centres and core issues such as curriculum, sustainability, philanthropy, and employee retention, and we introduced performance pay. We now reinvest 10 per cent of our earnings into capital works, and that has really lifted the quality of our early learning environments.

"We have been really successful at optimising our business performance, achieving like-for-like earnings growth of 15 per cent per annum for the past four years. The quality of our centres is improving at a rapid rate, and employee turnover rates fell materially. But such success is not without its challenges.

"Provided you have access to capital, anyone can buy childcare centres—it's just a matter of how much you are prepared to pay for them. The real challenge lies in being able to transition them onto your platform without any regression in performance, and then building a relationship with the centre manager and their team to drive improved performance. But while you are focused on doing this, you cannot forget your existing 60 centres that all require attention and support as they seek to continue to improve their performance.

"Today we are paying more attention to our systems as we look to automation to enhance productivity and the quality of reporting, and technology to improve the customer experience and employee communication. Notwithstanding the efficiencies that technology and automation offer, you still need to build your support office team; and as you grow, it becomes more difficult to find people with industry-specific experience, so you bring in people from outside of the industry, but it takes time for them to learn the industry and your history and culture. Most of the big mistakes we have experienced occur during the first six to nine months of someone's employment, so we have to get better at our induction process. We are endeavouring to

create a culture that resonates through all aspects of our business, but we have to do more to integrate the 1,500 educators working across our network into our organisational culture.

"It's a great challenge because we have 60 centres located across the country, with 20 or 30 people per centre. So we're quite a fragmented business. It's a bit easier to do it with your support office staff, where we have about 50 people across three locations, but harder to translate it all the way through the organisation. We do tend to spend a bit of time with our centre managers, and have been able to bring them into the culture. I think the next great challenge for us is working out how we bring 1,500 educators who work in these disparate centres and inculcate them into our culture. There is no easy answer. I think communication is the place to start, and technology makes that easier."

While there have been numerous challenges in getting Guardian Early Learning Group off the ground and expanding so rapidly in recent years, Tom is quick to point out how much he has enjoyed his role and the joy his job brings him. "It's an incredibly engaging, inspiring, and challenging environment," Tom says. "Our centres are reasonably large, complex, and profitable organisations in their own right, and when you look at some of the women who run them, without a lot of management training or business experience, you have to admire their ability to handle the challenges they face on a daily basis and the way they get through them. It's really nice watching people develop and grow under your umbrella, and I take great pride in watching that, probably a bit like a parent watching a child grow and develop.

"When you've got so many people who are so passionate about children, and so many great things that happen every day, it's good to stop and enjoy those rather than worry and stress about the things that don't go so well. There are plenty of challenging moments, but the more positive ones really outweigh them. When I visit a centre and see some educators who have put together a room and it's a really inspiring and educational environment, it makes me really proud to watch our children engaged and learning and interacting with each other, and I think, 'Wow, we're really having a positive impact on these children and the world of tomorrow as they grow up'. That's really the driving motivation."

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For the future of Guardian, Tom wants to continue to grow while ensuring quality is still the number one priority. "We focus on running our existing centres really well—after all, that's our business. If we do that well, then we should deliver 10 to 20 per cent earnings growth on a like-for-like basis. Then we look to buy maybe 10 to 15 new centres a year and we look to open about 10 new centres a year. We will open another 10 before Christmas, and we will probably buy around 10 to 15 between now and Christmas. So we're going from 60 to 85 by the end of the year, and next year we will open another 10 centres and buy another 10 or 15.

"In some ways, our growth will probably be greater going forward than it was in the past, because we've got a bigger balance sheet, better people, and an emerging reputation as a quality operator, so we have more opportunity. But we will only grow at that pace as long as we can continue to run all of our existing centres really well."