

# ASSISTED LIVING Executive

PUBLISHED BY THE ASSISTED LIVING FEDERATION OF AMERICA

April 2008

## Digging Into Census Stats

### When it comes to optimizing census, tracking data on move-ins and leads represents only the starting point

Software advances have dramatically increased the amount of benchmarking statistics and other data available to assisted living providers. But numbers are just numbers—unless executives can translate what they learn into effective sales and marketing strategies to manage census.

While technology has made cataloging lead sources easier than ever before, the challenge is figuring out which leads deliver prospects who actually move in, says **Tracy Lux**, president of Sarasota, Florida-based **Trace Marketing**. Conventional wisdom dictates that most assisted living communities will require at least 10 prospects to achieve one lease, but the mistake that many communities make is that they conduct lots of outreach but don't develop a targeted plan based on previous successes that is then tied to a clear expectation and constantly monitored.

"Plans tend to be ambiguous," Lux says. "They'll say, 'Let's go to the Rotary Club and give a presentation there,' or, 'I'm going to the Chamber of Commerce to have a glass of wine tonight with members.'"

### Assess the Referral Pipeline

When occupancy isn't where it should be, Lux starts with a thorough audit of prospects, including ranking referral sources (such as professional, health care, business, and family/friend referrals) by likelihood to generate a viable prospect and/or move-in. The goal is to develop a strategy that favors the highest ranking referral sources and set clear benchmarks to meet over a three- to six-month period based on that data. The final step is analysis to see if the sources anticipated to deliver leads really did, including holding outreach staff accountable for meeting the targets.

A sales strategy based on targeting best referral sources can deliver results while saving money in advertising and direct marketing, but tracking and tweaking strategies is essential to success, Lu x

says. "For example, it may be more effective to visit one elder law attorney for a one-to-one meeting than attend 10 Chamber of Commerce meetings," she adds.

Surprisingly, one under-utilized referral source for many providers is the family physician, says **Ned Dobner**, a principal with the Blue Ridge, Georgia-based **Center for Applied Sales Research**. It seems like common sense that an assisted living community would keep a database of all the doctors who serve residents and utilize it as one large potential pool of referral sources, but often while names may be on file, a community may not take the extra step of building the type of relationship that results in productive leads.

"You have a built-in reason to go talk to them already; it isn't a cold call," Dobner says. "You could include nursing staff or a memory care director to go with marketing staff to update a doctor on a resident and at the same time find out about the practice."

Build a referral book with profiles of physicians and make it available to residents, Dobner suggests. The practice begins to see your community as helping to build its patient base, which creates the perfect entrée for the practice to ask about your community and how it can help return the favor. However, providers must be mindful of legal repercussions here, and should consider consulting an attorney first.

### **Leverage Survey Results**

Operators should closely compare the results of resident and employee satisfaction surveys with prospect and move-in data, Lux says. Dissatisfaction among employees affects the community at large and extends to all those professional lead sources you've been trying so hard to nurture, she adds. Additionally, resident and family referrals are some of the most likely to result in move-ins because of that heartfelt personal endorsement of your caregivers. However, auditing such data to find clues about the success or failure of a sales strategy can be challenging and expensive, especially for small operators who may need to contract with an outside consultant.

One company that has developed an effective strategy for using internal survey data is Des Plaines, Illinois-based **Pathway Senior Living**, which was inspired by former Walt Disney Co. executive Fred Lee, who spoke at the 2007 ALFA Conference about how he applied Disney quality service priorities to transform corporate cultures and improve patient satisfaction and loyalty at nearly 100 hospitals. Pathway executives invited Lee to lead a two-day executive retreat. That experience led to the development of a new program that will use customer satisfaction surveys to identify the residents and family members who are most highly satisfied with Pathway, according to **Aaron D'Costa**, vice president of sales and marketing. The goals of the program are two-fold—to track the leading edge of what determines satisfaction and transform these individuals into "top promoters" for the company.

This year, Pathway conducted a baseline survey of its residents and family members. Next year, the survey will focus on those who gave the company average scores in the 90th percentile or higher. Previous internal research has shown that these residents and family members are the most effective referral sources and that people referred by residents and their families have a longer length of stay, D'Costa notes. The referring person reinforces the move-in decision on a day-to-day basis by continuing to live in the community.

"We'll be focusing on how that top level changes—whether we get more top promoters and whether existing top promoters have changed from the top tier to another tier," D'Costa adds. "There is a big difference between the lip and the cup—our perception of who we are as a company versus our customers' perception. Tracking changes in satisfaction scores from the most satisfied people is truly going to tell us who we are."

Overall, the aim is not to fight customer perceptions if they differ from what your company wants them to be, but rather to use them to define and reinforce your market niche—what separates your community or communities from the competition. Pathway plans to use that information to develop marketing materials that emphasize the traits that the top promoters see as its strengths. Other ideas include inviting top promoters to have lunch or dinner with prospective residents and their families.

The data also can tell the company where to best invest money in improvements and prevent it from making costly errors. D'Costa cites the example of a company that spent millions of dollars on interior renovations, yet satisfaction scores and move-in rates did not improve after the expenditure. Often, older communities find their greatest strengths to be the programs they offer and their caring culture—things that cannot be replicated by the newest players in town.

D'Costa predicts Pathway's initiative will be successful in driving occupancy because it's not just about marketing. He teamed with the director of operations and vice president of human resources to develop and implement the survey, and the trio will continue to jointly address issues of customer satisfaction, employee satisfaction, and sales and marketing.

"In companies I have worked with in the past, resident satisfaction is an operations issue and employee satisfaction a human resources issue, with little to no connection to the marketing efforts," D'Costa says. "Yet, in reality, those things are significant marketing issues."

### **Starting at the Top**

Bradley, Illinois-based **BMA Management** tackles census management by starting with the high expectation of 100 percent occupancy with minimal lost revenue days and a lengthy waiting list. Last fall, 11 of its 20 Illinois communities were achieving an average of 99 percent occupancy or higher, says **Rick Banas**, the company's vice president. To achieve that goal, marketing staff are

trained in all the conventional wisdom—to spend at least 50 percent of their time out in the field doing professional outreach, to achieve an average of 20 lead contacts per day, and to work in partnership with other leadership staff.

But BMA Management has an extra marketing challenge. It built the model for its 20 Illinois senior living communities on state regulations that allow assisted living to be covered by Medicaid.

While residents pay the approximately \$2,250-\$2,750 monthly rate privately as long as they have financial resources, roughly two thirds of units are occupied by people receiving Medicaid benefits. While the fact that residents receive assistance might seem to make marketing units easier, it adds an extra layer to the sales process, Banas says. Not only do you have to sell the assets of a specific community, but also the affordability of the assisted living program.

“If you can tell someone that they do not have to qualify financially for private-pay assisted living, it might appear to be a slam-dunk opportunity, but we have every obstacle that assisted living has,” he adds. “People are in denial about their need for assisted living. They aren’t ready to move in yet. They are afraid of change. At the same time, we have to work with them because in Illinois, you have to spend down your assets to qualify for Medicaid. So you have a different layer of questions and objections you have to overcome in addition to the standard objections.”

The good news is that public awareness of assisted living as a care option has risen, but ironically many people simply don’t believe they qualify for assisted living because it is so associated with being a private-pay option that is not covered by Medicaid. Additionally, BMA Management communities are designed to resemble upscale assisted living and are fancier than the homes in which many prospective residents currently live, Banas notes. So marketing staff must be experts in how the state Medicaid program works to convince people they really can afford to live in a place that looks so nice.

Finally, while conventional wisdom might normally suggest that an attractive four-color brochure is the best way to sell a community, that is not the case with affordable assisted living; a fancy brochure is again likely to communicate that the community is too expensive. After conducting research as to what would be its most effective hard copy sales tool, BMA produced a direct-mail brochure that Banas describes as “violating every principle of direct mail. It’s black and white with no four-color graphics and no graphics other than the Equal Housing Opportunity logo.”

### **The People Factor**

An essential component of census management is establishing benchmarks for leads, tours, and move-ins, and relentlessly measuring performance of individual communities against those benchmarks, says **Joe Eby**, COO of Olathe, Kansas-based **Bickford Senior Living**. Indeed, Bickford has gotten all its essential data down to three pieces of paper, which executive directors file with the corporate office on a weekly basis. But when occupancy or move-in statistics

consistently do not meet targets, Eby has found that staffing at that community is the culprit, particularly the executive director.

"You can analyze data until you're dead, but if you don't have the right people, you're not going to be successful," Eby says. "Otherwise, marketing comes down to the basics. It's a hard daily conscious effort that is not glamorous. Like a football team, if you do the basics well, you'll be successful and win games. If you don't do the basics and fundamentals well, you're not going to win. We focus on the fundamentals and do them over and over."

When a building is struggling or below anticipated occupancy, weekly calls focus on the reasons why. Eby recommends rigorous questioning about move-outs, why tours failed to turn into move-ins, why tour numbers are down, why inquiries haven't been transformed into tours, etc. In the process of investigating, he finds that marketing issues often correlate with other issues such as customer satisfaction problems or regulation reporting deficiencies.

When all else fails, Eby arranges for secret shopping to see if the management team is performing the way it claims. In many cases, the solution is more training or mentoring for the management team. In other cases, hard decisions need to be made and the executive director or the entire team may need to be replaced. But the important thing is to consider each situation on a case-by-case basis and always come back to a balance between focusing on the numbers and recruiting and retaining the right people who will energize sales.

— By [Anya Martin](#), a contributing writer to *Assisted Living Executive*.