
BUILDING OCCUPANCY & MAXIMIZING VALUE IN SENIORS HOUSING

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The SeniorCare Investor · Irving Levin Associates, Inc. - Publisher
www.seniorcareinvestor.com · 268 ½ Main Avenue, Norwalk, CT, 06851 · (203) 846-6800

INTRODUCTION

This topic of occupancy has been one of the biggest issues facing the entire senior housing and care sector.

But all too often, we look at occupancy as an objective itself. I know I do when I write about it. And without differentiating between profitable occupancy and what I call break-even occupancy. So how do we profitably fill up our units, even when there are developments maybe going on, on both sides? Down the left block and the right block.

How can you change your methodologies to make sure you are targeting the right market and not paying someone else, including your own sales staff, to fill up your units? Both of our panelists have proven ideas and methods that work and can boost your census. And that's what we're going to be talking about today. But you must do it, and you must stay disciplined when you do it.

We'll look at the relationship between internet-based marketing and traditional marketing and the elusive goal of converting leads. We'll also cover price discounting, something that almost everyone seems to be doing, but I think we'll hear from our panelists as something, one, you needn't do, and two, you really shouldn't do.

DEALING WITH OVERBUILT MARKETS

Overbuilding has been blamed for a lot of the occupancy woes facing the senior housing sector over the past few years. And on a quarter-to-quarter basis, the few public companies get a lot of questions from investors like "What's your occupancy? How did you change from last quarter? How did you change from a year ago?" There's a lot of pressure, obviously, on the CEO and COO. But that's got to be going straight down to the regionals and the EDs just to fill my units. The private operators obviously want to maximize occupancy and profitability too, but how should they all deal with that from an occupancy perspective?

It starts with mindset. And that might sound simple, but when there's already one new development that's opened in the past year and there's another one that has the land under construction, operators immediately start to panic. They assume they're going to lose their residents, and they already start talking about discounting. But increased competition isn't all bad in our industry, if it pushes us to be better. Operators must realize this is our new "normal."

Second is avoiding a price war. Traci Bild believes "we've commoditized senior living. We're not talking about the value of what this does for an individual and for their family. We're talking about what the guy down the street is charging, and what their discounts are, and how we might just beat that a little bit more. And we're killing our margins because we're dropping our rates so much."

Next, operators need to be differentiating themselves from their competitors by asking what are three

things that make us different? What are three reasons this customer should buy from us rather than our five competitors? Or 10 competitors, if you're in Texas or Ohio. Glenn Lombardi notes that you should emphasize the number of years you've been in business and the longevity of those who work for you, backing up that case with testimonials on your website, your Facebook page and on Google. That work should really start six to nine months before a new development opens and can be an excuse to refresh the whole website with videos, photos and other things of that nature.

Finally, to maintain and even grow your census in an overbuilt market, you need to be doing the best practice of working leads on a consistent basis with a full pipeline of very clear, agreed-upon next steps, steady stream of events before the new developments even open. That involves going out and marketing to the community and in hospitals and developing a reputation and relationship with these sources.

Keeping your people is also a difficult prospect in an overbuilt market. The loss of an ED can easily be correlated with a drop in occupancy, and attrition in the sales and marketing departments also affects operations. Money is obviously important, but we also need to change seniors housing's culture. "We talk about how we want millennials," adds Ms. Bild. "Millennials would never stay in most of these communities, because they don't have the right culture that would be a fit for the millennial even if they got them. So, everybody should be really looking at what is it that our EDs want, and that might be different than what the salespeople want. The only way you know that is to ask them. And they're going to say things people don't like. Like, I want to telecommute one day a week."

To start tackling the culture problem, do simple five-, six-question SurveyMonkey staff satisfaction surveys frequently and develop a sense of loyalty.

MANDATORY MARKETING TECHNIQUES

Switching gears, let's talk about the relationship between internet-based marketing and traditional marketing. First, establishing a high-quality internet presence is the first thing that should be done to improve your community's standing in the market. That goes beyond just an attractive and informative website and a strong Facebook presence.

According to Mr. Lombardi, "owning your own branded search is really important. A lot of people, because they've seen you in the community, they've maybe been to an event, they've maybe received one of your direct mail pieces, might just search out the name of your facility. And when they do, you not only want them to see your name and your one listing, we want to see multiple listings about your facility from your website, your Facebook page, and again, see things like reviews.

He continues: "The other thing is owning your local search. A lot of people might be looking location-based and may not be familiar with the area because that's where their loved ones live. So, they might be searching out Springfield, Illinois assisted living, Springfield, Illinois memory care. Making sure that you've done the proper things to make sure not only your website comes up, but you're listed in the map section, and you're potentially even running ads locally, so that when your competitor is running

ads, you're running ads, and the lead aggregation sites are running ads, you can compete effectively."

Reviews are the "secret sauce" in fostering a good online reputation and growing your census. Give your staff the ability to ask people visiting the residents, and/or residents who have the capability, to leave reviews in Google, Facebook and Yelp and sites like that. It's a very simple process that hotels and restaurants already employ, where they just text the family member who's visiting and ask for a review.

Relying on lead aggregators, like A Place for Mom and other referral companies, is sometimes "a necessary evil" but not a sustainable way to grow census. Paying a first month's rent fee, or offering people discounts to get people in the door, eats into a community's margin. And with lengths of staying decreasing, that discount is even more significant. Instead, equipping your people to get out in the local community generating referral relationships. Referred leads close four times faster than non-referred leads, so it's a much shorter sales cycle. And that's generating quick cashflow. Working with a company like Goldn can also attract your own leads at a lower cost. Finally, concentrate on improving your conversion rate, rather than focusing on the sheer number of leads.

This all starts with the ED, so that they understand, can lead, and hold people accountable for how to properly make it easy for seniors and their families to buy, instead of difficult.

Apart from digital marketing, which can lead to a lot of clicks from people still years out from moving in, local visibility and events are still two of the most powerful drivers to get people who've inquired about your community to move. Small events that are educational in nature can be very effective, answering questions like how will VA benefits help cover costs? What kind of services will you be getting, and how does that affect pricing? An intimate event with a lot of interaction will help move those people, who are usually closer to moving in, through the sales cycle a lot faster.

Direct mail and local ad efforts can also work, but you must be able to track all of these strategies' effectiveness through call tracking numbers on them. That means that every ad you have is attached to a different phonenumber that rolls into the main one. You can then get a report that says you have three ads running and received a total of four leads, and maybe they all came from the same ad. In that case, you can cut the other three ads, keep the one that's producing, and go move on to something else.

For larger operators, marketing is a location-based game because people are searching in their locales, not on specific brands. Now, you can have a website for each community, or you can have one large site with multiple—with your 20 communities listed in there. But Mr. Lombardi adds "what I see is too much of a cookie-cutter approach to that in that every one of those locations looks the same. Now you're not being unique. You've got to make sure that those webpages have unique content. People are looking for a very specific thing. They want to know who are the people running this place, who's running the show here? Because they're the ones taking care of these people. What are the activities, what's happening when I get there? Am I going to enjoy being there? What's the food like? How does it drive everything? [And] you do have to differentiate each of your locations."

CLOSING YOUR LEADS

Much of a community's census woes would be solved by improving their conversion rate and doing a better job at closing the leads that you have. For those people that are willing to invest and train their people, you need fewer leads, they'll spend more time with those leads, they'll really get to know them, so when they come in, they can create a very personal experience on a tour, they can engage staff, they can customize that tour, engage very specific residents. That's a lot easier said than done. But the sales approach should start with the belief that "every lead is a hot lead until confirmed otherwise."

That's according to Traci Bild, who continues, "I have heard in training thousands of companies, that is probably one of the most common things that salespeople will try to do, is determine which leads are hot, which are warm, which are cold. And listen, we all want to use our time effectively and put our focus on those leads that are the warmest."

"But when a lead comes in, it is hot. And as I told you, nobody wakes up and just says, 'Oh, today I think I'll call a memory care community,' or, 'I think I'll call an assisted, or even independent living.' It's not even rational to think they would do that. Most people don't even know what it is until they need it. So, when they lead comes in, it is a hot lead."

In our industry, emotion rules, not logic, and connecting with the client on an emotional level, especially over the phone, will make them more inclined to go with you rather than the new development. Ms. Bild calls it "mission and margin." She continues "we really need to understand what do these people want. And we're not going to say it that way, but what experience do they want to have in this final chapter of their life? Where do they want to spend their time? And if mom only watches TV now, well if she felt better, what would she do if she got up out of her chair? What did she used to like to do when her husband was alive? What lights her up?"

Keeping your sales staff accountable is crucial to this, which means listening to, critiquing and improving their phone calls. Follow up on previous phone calls and ask "what happened with that lead yesterday." Emphasize to your staff the importance of prompt follow up calls. Keep the sales office open on Saturdays, if you have the resources, since people sometimes have urgent reasons to move their parent quickly. And mystery shop your own communities, which can often shock senior staff.

In addition, sales training should be consistent and ongoing. Training people on how to properly sell, and giving them the space and time (upwards of 60 days in the beginning) to learn, can pay off in the end. Show them how to ask each lead maybe 10, 12 great, open-ended questions to learn about them, and stop talking about you and your community, and what's happening, and who owns it.

"Just listen. Connect with them. And you will be shocked how quickly you can convert these leads," adds Ms. Bild. The average inquiry call is two minutes, when they should be a good 10, 12 minutes.

Differentiating leads can also inform what sort of questions you ask. Where are they in the funnel? Are they at the top? Are they asking questions like, "So what is assisted living, and how does that differen-

tiate from independent living?” Or, “Do you let dogs come in? Do you have any openings right now?”

Mr. Lombardi notes that “once you’ve identified where they are in the funnel, it doesn’t mean they’re less or more important than the other. Obviously, the hot ones are the most important. But the ones that are on the colder side, those are the ones you’ve got to nurture. It’s having a sales process in place for are they cold, warm, or hot? And what do I do if they’re in that bucket, and how do I address that? But you won’t know unless you ask the right questions.”

Then, put a system in place where there is also a next scheduled step in place for your leads, and that it is executed. It is on us to drive the sales process and help potential residents understand the value of what seniors housing offers.

Finally, you have to pay your sales staff, since they are the ones driving your revenue. And the ED should be given the leeway to manage them, not a regional head. Listen when your salesperson is on a couple calls. Shadow them on an actual tour. Go and look in their database. If they are driving sales, then they should be compensated for that.

To measure all of this, you have to know your conversion rates. The goal should be getting between 60-75% of any leads calling in to tour your building. Seeing the place and getting all of their questions and concerns addressed will ultimately sell it. And then once they come tour, we look for a 35-50% total tour to move in percentage for assisted or independent living, and 50% for memory care.

This will be hard work, but the stakes are huge. If you have 10 vacated units in your community, at \$5,000 a month per unit, you’re losing \$50,000 a month in revenue on one property. That’s \$600,000 per year. Plus, as Ms. Bild states, “these are 10 apartments sitting vacant that seniors could be thriving in.” Plus, the closer you get to full occupancy, the more flexible you are to charge premium pricing, maximize your revenue, and pay for improvements that will help you better your mission.

When it comes to recruiting sales staff, we can’t only hire based on experience anymore, but rather based on who’s willing to learn. And once you have them, you have to invest in them, train them, and value them. Teach them to work smart, not hard, and appreciate their desire to balance work with family. Otherwise, what is stopping them from moving to the new community down the road?

ELIMINATING PRICE DISCOUNTING

Three years ago, a lot of the big companies were denying that they were price discounting. At the corporate level, they were denying it. But in the field, there was no denying discounting. This may be the easiest strategy to fill units, but that often means you haven’t done the things on the marketing side and the sales side to generate and close leads.

Dropping the price hurts everybody in the area; no one wins. So, you’ve got to start differentiating yourself and focus on selling an experience, instead of a commodity.

Ms. Bild believes “We have a one-size-fits-all mentality. I can tell you; my mom is going to be nothing like your mom. They have totally different backgrounds, lives, desires. And so do I. We have gotten out of the people business, and that’s why I keep calling it a commodity. We’re not pulling something off this shelf and selling it.”

When we build value, we do not have to discount. We have to have integrity and be fine with the attitude of “you get what you pay for.” And we have to equip and teach salespeople to speak with confidence about their rates, explain why they are at that level, and show what value you get out of the experience. Otherwise, if seniors housing becomes simply a commodity, what is stopping a resident from going to that shinier, new community with nicer amenities? Or going to the lowest bidder?

In the end, if you are discounting, aren’t you putting the heads in the beds at the expense of profits? If lengths of stay are declining, how do you recoup a month’s free rent? And if you don’t have the profits, you don’t have the margins. You don’t have the margins; you don’t have the mission.

Leadership will have to take some time to get out of the office and work on, instead of in, the business. They need to get back to understanding what is the outcome we want to achieve? If we want to net 100 move-ins this month or quarter, why? What’s the outcome? Just to put numbers on a board? Is it to make a certain margin?

CONCLUSION

To wrap up, here are the key takeaways.

One is obviously an online presence. But it’s not just any online presence. The importance of reviews and when you’re placed online is going to be crucial.

Stop the waste in your marketing efforts. Try to bring everything in-house, and measure your campaigns’ effectiveness. If they aren’t providing you profit, cut them.

Listen to your leads, and ask the right questions. Then, once they have moved in, continue to talk to your residents and train your staff to collect testimonials from them.

Train, train, and more train. That empowers your staff to better work their leads, close sales and rely less on costly paid referral services. That investment and attention you pay towards your people will also help keep them at your community.

And the last but not least is we’ve got to get out of this mentality of price discounting. This is not a commodity business. It’s not a commodity building. This is a service that everyone is providing.