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SUSTAINABILITY In Tough Times

Advocacy, Creativity and Mission
Housing Costs and Your Staff
Aligning Philanthropy and Mission

- High-Impact Not-for-Profits
- Serving Homeless Veterans
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American Association of Homes and Services for the Aging

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CCRC Management in Tough Times

Transparency and creative rethinking of operations can help a community preserve its long-term future and reputation.

by Susanne Matthiesen and Keri Sanders

Continuing care retirement communities (CCRCs) face new pressures in a recessionary economy—affecting both bottom lines and residents' and potential residents' financial standing.

See how two CCRCs are making the best of the situation by rethinking operations for efficiency and cost savings, transparently sharing information with staff and residents, and encouraging them to be a part of solving problems.

Intelligent strategy, effective communication and internal fortitude are three keys to managing a continuing care retirement community (CCRC) in a volatile economy. Today's challenges present an opportunity to rethink programs and assumptions to garner the best long-term financial health for CCRCs.

Unlike milder downturns of the past, this recession not only affects returns on corporate portfolios but also affects seniors with declining housing values and, in some cases, dramatic losses in personal assets.

"Residents today are concerned about running out of money, being a burden on others, or not being able to leave a legacy to their families. Working together, we want to identify the best solution for each individual need," says Mike Flynn, CEO of Smith Senior Living in Chicago, Ill.

This climate calls for "straight talk" between residents and community managers. Flynn started a series of seminars for current and prospective residents to discuss the financial implications of living in a CCRC. Smith Senior Living developed a proprietary tool that assesses the residents' housing valuation, along with other risk factors, to project various scenarios and make comparison of costs over the next five years.

Smith Senior Living

Smith Senior Living's Chris August, maintenance director at the Smith Crossing campus, is without question a "hands-on" director. Smith Senior Living runs an employee revenue incentive program that rewards cost-saving suggestions by staff.

Concerns About Costs Can Be Opportunities for Saving

Residents are concerned about the prospect of communities needing to cut back in a variety of areas such as staffing, dining and transportation, among others. Kevin McLeod, CEO of Carolina Meadows in Chapel Hill, N.C., sees this concern as an opportunity to work closely with residents and staff to identify cost-saving measures that will allow the community to work smarter and more efficiently in the long run, without compromising quality of service.

Carolina Meadows recently completed a comprehensive utility audit that identified approximately $100,000 in annual savings on electricity consumption.

"The negotiated kilowatt usage was set at too high a level for our community. This was not a billing error but a

contractual one, which has been reset for savings going forward," says McLeod. Residents led the initiation of the utility audit.

Residents at both Smith Senior Living and Carolina Meadows prioritized the use of cost-effective and environmentally conscious approaches by using compact fluorescent light bulbs as a long-term savings strategy, and exploring the use of fewer linens in favor of individual place settings. Timing the availability of transportation to reduce duplicative trips and assessing scheduled times for trips to maximize resident usage also brought substantial savings in the wake of escalating fuel costs.

The utility audit findings at Carolina Meadows inspired residents to implement energy- and cost-saving practices on their own, such as replacing regular light bulbs with fluorescent ones in their units.

Re-examining staffing models brings benefits, too. When Smith Senior Living moved from paying overtime after an eight-hour day to paying overtime after a 40-hour week, the company realized $100,000 in annual savings.

"Not only did this new model cut down on the amount of overtime, it also increased the quality of service being provided by reducing the double shifts for many of the staff, and improved staff attendance," says Flynn.

Transparency and Collaboration

Management transparency is essential in the current economic climate. Frequent resident council meetings, employee staff meetings and other forms of informal communication can yield important results.

"We initiated a new employee revenue incentive program to reward employee cost-saving suggestions," says Flynn. Examples of the suggestions offered include adjusting nonessential housekeeping services and modifying laundry schedules on weekends in favor of adding a new industrial clothes dryer.

"Tracking savings of programs throughout the organization and sharing this information with employees has been a motivating activity at Smith Senior Living," says Flynn. "Everyone in our community has an interest in helping us do better."

Tough Decisions and the Board's Role

A close working relationship between management and the board of directors is critical.

"During tough times, you need to make some tough decisions," says McLeod. "In the interest of the long-term stability of our community, we recently asked for a five percent increase in the monthly fees. The board, with its overall perspective of the market, recognized that all stakeholders' interests need to be considered, including that of the corporation."

"Inviting outside professionals to make presentations to the board can be helpful," says Flynn. His organization invited an expert in senior-living financing to present an education session to the board on creative ways to restructure debt.

"Transparency of the board with respect to residents cannot be minimized," says McLeod. "Communicating that the board members are engaged, concerned and actively involved is important to our community."

Maintaining a long-term focus on growth, rather than simply reacting to daily shifts in the economy, is no small challenge. "We had a layoff a long time ago, and found that the short-term savings were almost negligible. Over time, all of the employees were eventually hired back, but the long-term impact on employee morale and resident satisfaction was quite negative," says Flynn.

"Being able to say 'no' to short-sighted solutions is really important. Sometimes 'no' is the right answer when considering long-term implications of immediate actions," adds McLeod.

Getting ahead of issues can help keep a community on a long-term course of prosperity. Looking at a central supply system for savings, investing in staff training regarding the most accurate coding for Medicare reimbursement, and hiring consultants to identify other opportunities can be effective. "Don't ask for help too late," suggests McLeod. "As issues emerge, address them quickly."

Flexibility, Attention to Details Keys To Growth

Communities will need to adopt more flexible approaches as they move forward. "If occupancy is an issue and a couple wants to wait to sell their house, but also wants to move into our CCRC, should we defer the entrance fee in favor of collecting the monthly service fee now?" asks McLeod. "Are there ways to extend staff coverage by asking residents to take a more active role in some area, or to pair the CFO with the marketing team, to provide more in-depth financial presentations for sophisticated buyers?"

The importance of combining financial acumen, strong operational strengths and insightful marketing practices cannot be underestimated. A community's reputation is one of its strongest assets. It takes a long time to build a reputation, but it can be derailed by a few hasty actions.

Residential and staff surveys are proven ways to monitor issues affecting a community's reputation. In a recent employee survey at Carolina Meadows, communication and opportunity for advancement were the top two concerns of the staff. (Salary concerns were not listed as a negative factor.)

"Creating a desirable place to work cannot be overemphasized," says McLeod. "Alleviating fears about job stability, giving employees a sense of control, and inviting their input can go a long way toward creating a calm working environment."

Carolina Meadows will be seeking input from its residents through a short survey to understand their concerns about the economy and its effects on

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Resources

Smith Senior Living, Chicago, Ill.
Contact: Michael Flynn, CEO, *mflynn@smithseniorliving.org* or (773) 474-7300.

Carolina Meadows, Chapel Hill, N.C.
Contact: Kevin McLeod, CEO, *kevin@carolinameadows.net* or (919) 942-4014.

CARF-CCAC, Washington, D.C.
Web: *www.carf.org.*

Banaszynski advises providers. "If you have a veteran population in your facility, it starts with honoring those experiences."

Community Homes of Lebanon Valley, Pa., is another provider that serves a number of veterans, thanks in large part to its proximity to a regional VA medical center. "We've always chosen to develop affordable rental housing for people with low incomes, and 10 percent of our residents are veterans," explains Charles Rush, CEO.

Rush acknowledges that serving veterans can be challenging. "Most fit in pretty well, but some tend to be loners and have issues with drugs and alcohol. Some have to come to a crisis before they reach out to the VA system."

Like Banaszynski, Rush has found the need to have service coordinators learn the ins and outs of the VA system and how to access its services. "I think serving veterans is a natural fit for AAHSA members, but I also believe that long-term care providers need to understand what the specific needs are of this population and how they are different than the general population," he says.

Rush is talking to the VA medical center about using HUD-VASH vouchers to serve a group of homeless veterans in a small apartment building. Bringing several veterans together is an efficient way for the VA to provide services, and it allows housing providers such as Community Homes of Lebanon Valley to do what it does best.

Getting Started

For aging services providers interested in serving the homeless veteran population, there are plenty of resources to get started. The first step is to see if there's a need in your area. At the Web site of the National Coalition for Homeless Veterans *(www.nchv.org)*, visitors can find a wealth of facts, including VA data showing the number of homeless veterans in each state. Among the states with the highest numbers are California, Florida, New York and Texas.

The NCHV site also includes resources for providers who want to apply for government funding to serve this population. The coalition offers assistance with everything from filling out grant applications to training staff, Beversdorf says.

The VA's Dougherty also advises providers to contact the local public housing authority if they have units appropriate for the homeless veteran population. Senior housing can be particularly helpful for veterans because their spouses also can find housing and support in the same facility. The VA is limited in what it can provide to spouses.

"As our older veterans age in place, they are likely to face more chronic illnesses and need more intervention," Beversdorf says. "We have to make sure they don't get turned away."

Jean Van Ryzin is a writer who lives in Gambrills, Md.

Resources

Volunteers of America, Alexandria, Va.
Contact: Barbara Banaszynski, director of program development, *bbanaszynski@voa.org* or (703) 341-5000.

Catholic Charities of the Archdiocese of Chicago, Chicago, Ill.
Contact: William D'Arcy, manager of the Division of Residential Housing, *wdarcy@catholiccharities.net* or (312) 655-7490

Community Homes of Lebanon Valley, Inc., Lebanon, Pa.
Contact: Charles Rush, CEO, *crush@communityhomesonline.org* or (717) 273-1711.

Department of Veterans Affairs, Washington, D.C.
Contact: Pete Dougherty, director of homeless veterans programs, *pete.dougherty@va.gov* or (202) 461-7400.

HUD Office of Community Planning & Development, Washington, D.C.
Contact: Mark Johnston, deputy assistant secretary for special needs, *mark_johnston@hud.gov* or (202) 708-4300 x4487.

National Coalition for Homeless Veterans, Washington, D.C.
Contact: Cheryl Beversdorf, president/CEO, *nchv1@nchv.org* or (202) 546-1969.

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their ability to manage their funds, impact on income and overall expectations. "We hope to learn what works and doesn't work and perhaps stimulate further ideas as we look for ways to create efficiencies and reduce costs," says McLeod.

Little things can make a big difference.

"In an employee's absence, one of our executive directors took it upon herself to stock the central supply room. I can tell you this got positively noticed," says Flynn. "In another situation, an employee asked for help carrying in a case of water from the car, and one of our directors of nursing pitched in."

"In these times, it's too easy to be pessimistic," Flynn adds. "Maintaining a positive attitude and a great sense of humor are motivating to residents and staff alike. We enjoy what we do. Working with our residents is what it is all about. Focusing on these times as an opportunity to become better at what we do in a fun and supportive manner is the best encouragement I could give to other CEOs."

"The best advice I could give to other CEOs is to be proactive with their residents, to instill a sense of confidence and security," says McLeod. "The same applies with their boards of directors. It is important that they be engaged, supportive and open-minded to possibilities that perhaps are different from business as usual."

Susanne Matthiesen is managing director, and Keri Sanders is marketing manager, for CARF-CCAC, a division of CARF International.