

CHANCERY MONTHLY NEWSLETTER

This article summarizes and identifies six areas of strategic focus in the senior living industry with their corresponding short-term and long-term tactics that can be implemented. Although the industry has been affected by the epidemic, organizations have explored and applied various measures and new technologies to gradually bring the industry to a higher level.

6 Strategic Focus Areas Shaping Senior Living In Light of Covid-19

The Covid-19 pandemic has had a profound impact on the senior living industry, and leaders in the sector are still processing the lessons they have learned and the changes that the pandemic has wrought.

In an effort to understand where the senior living sector might be headed next, global talent management firm Ferguson Partners during the spring of 2021 conducted interviews with leaders of 13 of the largest owners, operators and advocacy groups in the industry.

While the conversations were wide-ranging, Ferguson Partners identified six areas of particular strategic focus, summarized in a recently released report.

These strategic trends may be a useful framework for understanding the post-pandemic direction of senior living, but with Covid-19 still very much an active threat and fallout from the last year-and-half still occurring, uncertainty and rapid transformation remain constant.

“One of the things that have been top of mind during this entire time is how quickly we’re changing in our industry,” Ferguson Partners Managing Director Amy Pisciotto told Senior Housing News.

1. Focus on strategic planning and execution

The pandemic upended the long-term strategic plans that organizations had going into 2020, meaning that senior living businesses now need to revisit and revise those plans.

“Whether long-term goals have stayed steady or changed significantly in this last year, the path to completion has definitely changed,” the Ferguson Partners report states.

Those changes may be profound, related to pain points and disruption that was occurring even before Covid-19. While the report does not quote interviewees by name, it does include key quotations from the discussions, including this one:

“Even before Covid, we needed a true change within the industry. We need to fully professionalize the industry to move forward (better tech, better process, greater efficiency); Covid has resulted in more people acknowledging the need for this.”

2. Addressing workforce challenges

Although the pandemic caused senior living occupancy rates to crater, labor challenges appear to be even bigger challenges in the post-pandemic era than regaining census.

“While [occupancy] was still something that kept them up at night, most of these leaders were still way more concerned about staffing,” Pisciotta told SHN. “... That was one of the biggest themes.”

Labor issues are not unique to senior living, with many industries struggling to hire and retain workers in the current environment, while also contending with rising wages.

The end of enhanced unemployment benefits should help ease pressures later this year, but the problems in senior living lie deeper.

“This group of leaders felt strongly that this was an issue we had even before Covid,” Pisciotta said.

And, unfortunately, the way forward is not clear.

“There were quite a few topics that leaders addressed but recognized that they didn’t really have a solution, and that was one of them,” Pisciotta said, of workforce challenges.

3. Investing in technology

The pandemic demonstrated the critical importance of having a strong technological infrastructure and tools, as senior living providers relied on tech for everything from connecting residents with loved ones and health care providers, to conducting virtual tours.

Going forward, greater investment in technology is imperative — perhaps particularly in back-of-house solutions, including some that could help alleviate the workforce crisis by increasing staff efficiency.

As one leader told Ferguson Partners:

“The pandemic caused the digital evolution to accelerate. We invested in a new website, digital marketing, etc. However, while many investments have been made in ‘front of the house’ resident-facing technologies, little time and money has been spent on ‘back of the house’ technology investments that focus on improved efficiencies.”

Related to technology investments is the need to leverage data for analytics and business intelligence.

Senior living has come a long way in terms of generating real estate-related data, but more holistic metrics are needed: One leader said the industry currently has only about 10% of the data and analytics needed in the future.

This could be particularly true as senior living becomes more integrated with the overall health care system, with providers playing a role in value-based care, some of the leaders observed.

Pisciotta hopes that providers begin to invest more in back-of-house and data analytics capabilities as the pandemic recedes, and they don't have to focus as much on tech to support basic operations.

"I think it's an indication of where we are and trying to just live through last year," she said, of the current technology focus.

4. Aligning incentives between operators and capital partners

One constraint on technology is that the typical third-party management contract model in senior living does not strongly incentivize owners or operators to make the needed investments.

It's a point that Rick Matros, CEO of Sabra Health Care REIT (Nasdaq: SBRA), made in a recent SHN+ TALKS appearance. The leaders who spoke with Ferguson Partners also spoke on this issue. As one interviewee put it:

"The business model, I've never seen anything like it – there is so much required of the operators, and they are effectively getting paid a property management fee. They need to make investments in their business, but they aren't aligned to do so."

These issues are dramatically exacerbated coming out of the pandemic, as many operators are strapped for cash but being asked to do more than ever in order to get back to pre-pandemic occupancy and normalized margins, Pisciotta observed.

While there is general agreement that interests can be better aligned, the conversations mainly focused on how to improve communications and work in closer coordination, she added, noting that the structure of capital partnerships also will need to be addressed to resolve this issue in the long term.

5. Driving closer hospitality-health care integration

Given that Covid-19 "moved the needle towards a health care focus," leaders in the industry expressed that an area of particular strategic focus is on how to most effectively blend elevated care with the hospitality-forward model that is a key part of the senior living value proposition.

As part of this discussion, leaders brought up topics such as the increasing investments being made in the home health care industry, as well as the growth of Medicare Advantage plans.

Finding productive ways of becoming involved in these growing sectors — which also could present threats to communal senior living — will help shape the industry in the coming years.

“My opinion is that we are not going to move forward without greater involvement in health care, whether it is partnerships with health care systems or getting involved in the health care industry, especially home health,” Pisciotta observed.

From her perspective, new executive leadership in senior living might be called for, with the vision and skillsets to work across the provider continuum and with payers.

6. Industry advocacy and education

Stakeholders across the senior living industry joined forces over the last year to advocate for financial relief and other support from federal and state governments.

These efforts must continue going forward, and some leaders believe that a different approach is called for, in light of the successes and the struggles that the industry experienced during Covid-19.

“While not all leaders agree on this point, some leaders feel that other industries have done a better job obtaining government aid during this time, primarily because they had previously invested in advocacy and continued to be more present and visible over this last year (e.g., dental industry, restaurants, etc.),” the Ferguson Partners report states.

In the short-term, more financial relief is needed, and in the longer-term, education efforts are required to dispel the notion — perpetuated by media coverage during Covid-19 — that senior living communities are synonymous with nursing homes. Furthermore, the industry could be facing additional regulations at the federal and state level in the post-Covid era.

So, finding common ground on the best way forward might prove challenging, but is an area of strategic focus that is important for all industry stakeholders to address.

“I think there’s a lot of discussion out there about how we do that,” Pisciotta said.

Original Article:

<https://seniorhousingnews.com/2021/07/19/6-strategic-focus-areas-shaping-senior-living-in-light-of-covid-19/>

Stoney Creek Project Update

The Grandview Retirement Residence is a 159-suite building, designed to provide seniors with accommodation in a beautiful neighbourhood with a host of services and amenities. It is located in downtown Hamilton, Ontario, adjacent to the affluent Stoney Creek neighbourhood, and is at the central location with access to retail, restaurants, parks and health care providers.



- The Sales Centre for the Grandview Retirement Living ("Grandview") in Stoney Creek, ON, is now open.



- The Sales Centre is located directly across the street from the retirement residence in a brand-new medical office building. Potential residents and their families can tour a beautiful one-bedroom model suite, as well as meet with Grandview's staff to learn more about the property.



- Grandview Retirement Living will be a 159-suite retirement residence offering Independent Living and Assisted Living, as well as a full complement of services and amenities. The residence is scheduled to open in early 2022.

Chancery Seniors Housing Investments Inc. is a private real-estate investment firm with a focus on seniors housing. Powered by its two strong founding partners, Suske Capital Inc. and LD Capital Corp., Chancery creates a team with the expertise and experience of over 55 years in real estate and seniors housing developments with an estimated completion value of over \$5 billion.

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