

FINDING TRUTH IN NUMBERS

How “do nothing” scenario planning can be the first step to a successful future.

There’s a lot that can get in the way of creating change at a senior living community. For some, it’s fear of the unknown. For others, it’s a misunderstanding of the benefits that change can bring. And—for most everyone—it’s a perceived lack of funds.

Whatever the case, we all know that change is a constant in our business. From delivery of service to the physical structure of our facilities, we must constantly be ready to change to meet the demands of our residents. If we don’t, private payers will find a community that does.

Sometimes, the best way to motivate change is to find out what will happen if you don’t do anything at all. This is called “do nothing” scenario planning, and it provides senior level staff and board members with a financial forecast and a benchmark that serves as a foundation for strategic decision-making.

“Taking into account the impact of doing nothing helps balance the cost of upgrading a campus,” said Larry Lester, Senior Manager of Wipfli, an accounting and consulting firm focused on multiple industries, including health care and the non-profit sector. “It brings a more realistic picture to the decision making process when you identify the potential cost of doing nothing.”

Lester said that many clients assume past performance will continue indefinitely when in fact, their performance is likely to decrease, especially in areas where competitors are upgrading their facilities, poisoning themselves to take a greater share of the private pay and Medicare market.

“Do nothing” scenario planning also helps provide a valuable benchmark to determine which changes make the most sense given the current set of financial and competitive variables a community might face. Such is the case with United Pioneer Home located in Luck, Wisconsin.

“We’ve had this building since 1953, so we knew we had to do something,” said Dan Valentine, Administrator of United Pioneer Home. “The question was, do we rehab the old building or start from scratch.”

For Valentine, “do nothing” scenario planning helped his team lay the groundwork for strategic decisions based on financial benchmarking. It gave them the opportunity to analyze their current operations—which include a nursing home, assisted living and rent-subsidized housing—against financial projections to determine what they should build to attract private pay dollars, how many beds to include and what type of financing they should pursue.

“It comes down to helping me decide how I can use every penny to get the biggest bang for the buck.”

United Pioneer Home is currently in the process of securing financing for the construction of a new facility.

“Do nothing” scenario planning is a great way to motivate change for a successful future. And the greatest benefits come from acting decisively. If the scenario reveals change is needed, Federal stimulus money is still available to fund new projects and TARP continues to make bank financing a viable possibility. But that window is soon closing. Gather your team now and embark on a strategic new way to plan for your future. Your staff, your residents and your financial health depend on it.



CLS IN ACTION

Community Living Solutions, LLC, is scheduled to present at the upcoming **Wisconsin Health Care Association’s (WHCA) 58th Annual Fall Convention**, being held September 23 - 25 at the Radisson Hotel & Conference Center in Green Bay, Wisconsin.

Tom Martin, President of Community Living Solutions, LLC, and Larry Lester, Senior Manager of Wipfli, LLP, will present “**Economic Crystal Ball: Our Nation’s Economic Downturn and the Impact on the Future of Long Term Care and Senior Housing.**” They will address how the turbulent economic environment is impacting the senior living industry and how we can better position our organizations and communities for the many changes and challenges ahead.

Terry McLaughlin, Chairman of Community Living Solutions, LLC, and Stephanie Sherman, Administrator of Geneva Lake Manor, will present “**Designing and Implementing Living Environments that Improve Quality of Life.**” The discussion will identify the pros and cons of past, present, and proposed living environments for older adults; consider possibilities for enhancing the key elements of an existing living environment; and finally provide strategies on how to introduce changes to the existing physical environment, the philosophy of care, and serve capability.

We look forward to seeing you in Green Bay.

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