



Strategic and Master Planning:
Essential Roadmaps for Senior Living Communities
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Prepare for tomorrow—today.

Your community is thriving and vibrant now—but what will you need to do over the next three, five or even 10 years to attract a new generation of residents and assure the continued viability of your senior living community?

Without a strategic plan—a clear vision and roadmap for your community’s continued success—owners or board members can only react to critical issues.

Planning typically gets pushed aside under the pressures of immediate and day-to-day issues. But in actuality, a strategic plan is a time-saver because it gives senior living communities a framework in which to operate, helps stakeholders prioritize projects and generates consensus-based decisions.

What is Strategic Planning?

Strategic planning as practiced by *LCS* is a systematic process of evaluation, discussion and collaboration that helps owners or boards and executive directors manage the future of their senior living communities. The written plan establishes priorities and a series of actionable steps, and helps community management allocate the necessary resources to achieve stated goals.

Because the plans are created through the input and collaboration of key stakeholders, all members of an organization work toward a unified outcome.

Key Components of a Strategic Plan

Typically, strategic plans include several common components:

Mission Statement – A statement that reflects who you are as an organization and the reasons for your existence

Strategic Objectives – The targeted objectives your community needs to meet to achieve your vision

Vision Statement – A statement that spells out where you see your community going

Goals – The specific goals to be accomplished within the strategic objectives

Value Proposition – A statement from the consumers’ point of view about how they perceive your community and what they want to get out of a relationship with you

Action Steps – The tasks that will allow you to achieve your goals

Seven Steps of the Strategic Planning Process

Developing a strategic plan is a process that involves thoughtful preparation, robust discussion and collaboration—and clarifies desired outcomes.

In order to create the plan, at least a full day retreat involving key stakeholders is recommended. It is recommended that retreat participants include board members or owners, executive leadership, management staff and resident representatives, as well as a planning facilitator and industry experts. While the retreat can be held in a location of your choice, holding it off-site often leads to a better outcome. The strategic planning process typically encompasses these steps:

Common Issues

- Occupancy levels
- Aging or unsuitable buildings
- Inefficient site use
- Finances and access to capital
- Healthcare services
- Outdated technology
- Aging or inefficient physical plant
- Staffing and employment
- Competitive threats

1 Prepare

A first step should be a review of the mission and vision statements for the community to determine if they are still current. They may need to be revisited before the retreat. Additionally, educational material should be distributed to retreat participants prior to the gathering. These packets—containing information about the board's or owner's role in strategic planning, senior living industry trends, consumer expectations, financial benchmarking, demographics and healthcare reform—help participants prepare for the retreat. The information is designed to prompt stakeholders to begin thinking about pertinent issues for their community.

2 Include

Retreat participants also should complete a preplanning questionnaire prior to the gathering. (If you prefer, you also may send a preplanning questionnaire to staff members and residents not participating in the retreat.) This provides an opportunity for stakeholders to weigh in on issues such as market conditions, perceptions about the community, employee relations and competitive threats. The information gathered from your stakeholders is a necessary and important part of the planning process.

3 Assess

The information gathered prior to the gathering is summarized and presented to the group at the beginning of the retreat and provides the starting point for the assessment phase. Next, experts from various areas of the senior living industry—such as physical plant design, healthcare, marketing and finance—share their expertise. These presentations allow retreat participants to hear about the changes, challenges and trends that need to be considered during the planning process.

4 Define

Retreat participants break into working groups to discuss a myriad of topics, with the goal of identifying and agreeing on the community's strengths, weaknesses, opportunities, and threats (SWOT). All of the information prior to this phase, including the preparation prior to the retreat, questionnaire results and information shared by industry experts, is used to drive the SWOT analysis.

5 Identify

Building on the SWOT information, stakeholders work in a collaborative manner to identify and refine their community's specific strategic objectives. After a great deal of discussion, each group presents its opinions and ideas on how to approach the community's strengths, weaknesses, opportunities and threats. Strong consideration of the community's mission and vision is an extremely important activity during the identity phase of the process.

“A strategic plan is worth doing because the issues are defined by consensus, the work is done in an organized way, and you get the whole community behind it.”

*Dr. James Hicks Williams, President, Retirement Services Inc. and resident,
The Forum at Rancho San Antonio
Cupertino, California*

Look for “aha!” moments

Expect to learn new things about your community during the retreat.

While many communities have similar goals and objectives, participants are often surprised by things such as trends in the industry, new ways to address issues, and others' perceptions of their community.

6 Adopt

When the retreat is over, the information that has been gathered both before and during the retreat is summarized within one to two weeks. A draft summary is prepared and presented to the board or owner and the executive management team for review. This deliverable is a critical part of the process: It will include the mission, the vision, the value proposition, a SWOT summary and the proposed strategic objectives that will drive decision-making for the community over the next three to five years.

7 Implement

The community's leadership takes action on the goals outlined in the strategic plan. When this happens, the plan becomes the community's operational plan.

The Value Proposition

A community's mission and vision statements are typically reflective of its internal aspirations. The value proposition is an extension of these statements, but it takes on a different perspective: This statement defines your community's value from your *customers'* point of view. The value proposition is clear, concise statement, written in the first-person, of what residents expect from their relationship with your community.

This simplified example illustrates the relationship of strategic position statements.

Mission Statement – We are a sustainable senior living community.

Vision Statement – We will use our message of sustainability to grow our competitive edge and become the market leader.

Value Proposition – I want to live in a senior living community that operates with sustainable practices.

Fulfillment – Employees demonstrate the value proposition by actively recycling, reducing nonessential water consumption, and practicing other sustainable activities.

“The Value Proposition connects mission and vision with consumer expectations and employee behavior.”

*Liz Bush, Senior, Vice President/Director of Marketing & Sales
LCS*

Well-crafted Value Propositions speak to both external and internal audiences, and validate how the mission and vision statements will be executed on behalf of residents. The Value Proposition can differentiate your product from your competitors' and define the promise of your brand. Internally, it helps your employees know that their day-to-day actions are fulfilling the community's promise.

Strategic Planning Case Study

Situation:

Greenwood Village South, a 50+ year old not-for-profit CCRC in Greenwood, Indiana was facing a significant HUD funding cut for one of its residential buildings, which was home to a sizeable number of the community's residents. The most prudent option for the community would be to tear the building down, though the project itself would be costly. At the same time this project was being contemplated, the community was facing increased competition.

"Over the last year or so, the board was concerned about the direction we were going," says Dan Wagner, Greenwood Village South board president. "We had just gone through a major refinance and felt it was time to devote to planning."

Solution:

The community's board decided to hold a strategic planning retreat to chart its new course. Of primary concern was how to position the aging community to attract a population of "new generation" residents. The community's executive director and management staff conducted the pre-retreat work, and they, the board, and resident representatives convened at the retreat in the first quarter of 2013.

The senior living professionals of *Life Care Services* and *LCS Development* were key participants in the retreat, led by an independent moderator experienced in the field of senior living. Among the presentations, a financial expert provided an overview of the community's position compared to similar CCRCs across the country. Another expert from the Health Care Group discussed how the community would need to respond to mandated healthcare reform. In addition, participants spent considerable time defining the community's marketing position and how it might market itself with today's consumer.

"What helped us was that we had people there with the expertise and knowledge that we as a board did not have," says Wagner. "They helped us put on paper the things that we needed to seriously look at."

"In the past, we had some direction but never had anything in writing that says, 'This is where we want to go.' This plan will help us to approach the next few years."

*Dan Wagner, President Board of Directors
Greenwood Village South, Greenwood, Indiana*

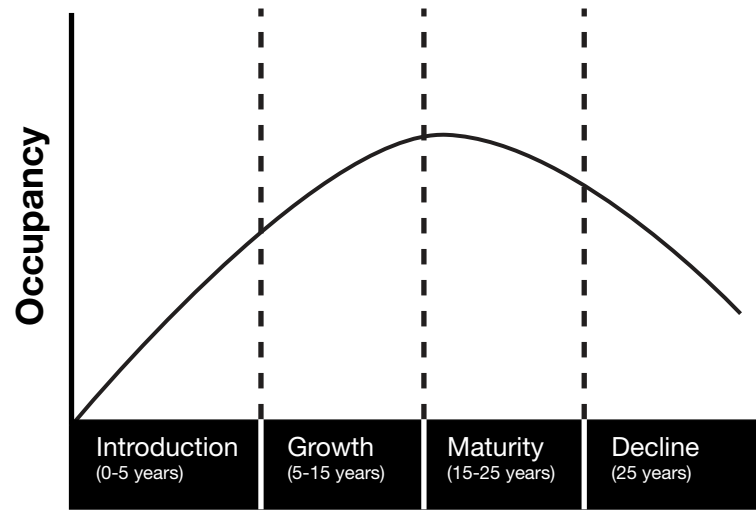
Outcomes:

Strategic planning outcomes included:

- Redefining the community's vision and mission statements
- Creating a Value Proposition for the community
- Identifying the community's strengths, weaknesses, opportunities and threats
- Detailing the community's primary goals, listing key action steps and the persons accountable for each step

Once the strategic planning process has been completed, many senior living communities choose to address capital improvements to their campuses. You may decide your medical-model skilled nursing center needs to be modernized with more resident-centered programming. Your fitness center may need to be enlarged to accommodate more programs and equipment. Or you may need to expand choices in the style, size and amenities of your community's residential units.

Life Cycle of a Senior Living Community



The fact is, every community reaches a point in its life cycle at which it could start to decline—often 15 to 20 years after opening—and capital improvements must be made to sustain the community's appeal and viability.

But rather than tackle one random improvement after another, owners or boards can use the master planning process to develop a thoughtful, systematic and financially prudent approach to revitalizing their campuses.

What is Master Planning?

Master planning builds on the stated goals identified in strategic planning and takes a high-level look at the community as a whole, providing a long-term and strategic vision for capital improvements. The process helps owners or board members answer critical questions such as:

- **What makes sense for our community?**
- **Which project comes first?**
- **How will we pay for the improvements?**

Just as communities are often built over a 10- to 15-year timeframe, the master plan provides a phased approach for the next generation of the community. While most new developments incorporate master planning from the start, existing communities should begin the planning process between their 5- and 10-year anniversaries.

How a Master Plan is Different from a Site Plan

A site plan is a blueprint of a site displaying proposed structures and offering estimated construction costs. If this information is all that your owner or board has, they may still face uncertainty about how to best accomplish the improvements.

By contrast, a master plan addresses business components and architectural plans specific to a senior living community. It considers your community's operations, organizational philosophy, services and programs and design. A master plan also will factor in local and senior living trends, market conditions, regulatory and compliance issues and more.

Through financial modeling, the plan helps a board or owner decide the appropriate sequence for making capital improvements. For example, while a community may wish to break ground on a particular project, it may make more sense to do another project first—one with greater cash flow potential—and use those funds to embark on the desired project. And unlike a site plan, master planning services may also include facilitating contacts with investment bankers and identifying sources of capital.

Site Plan



Architectural Blueprint
Construction Costs

Master Plan



Market Research
Operations
Programming
Financials
Regulations

The process follows three phases over the course of approximately six months:

1 Assessment

Development professionals schedule a site visit and make preliminary observations of the grounds, buildings, operations and residential programs. The assessment also takes zoning, site conditions, market penetration, potential land acquisition and the condition of the real estate market into consideration. It is recommended that the community perform a market study and gather additional information, such as the building and site plans and other documentation, during this phase. A review of the community's financial situation also is conducted.

2 Collaboration

Findings from the assessment phase are compiled, analyzed and used to develop various scenarios of how the projects might be addressed. The options are presented to the senior living community's master planning committee—a group typically made up of board members or owner's representatives, executive directors, department heads and residents. During collaboration, the development professionals and the master planning committee review and revise the scenarios. When a consensus on the preferred direction is established, the plan is fleshed out with project costs, projected revenues and a proposed timeline. This helps the master planning committee evaluate the viability of each planned project.

Who's Involved

- **Project Developer** – Facilitates the process; provides business, finance, marketing expertise
- **Design Manager** – Establishes project criteria, provides design expertise, supervises architect
- **Board or Owner** – Determines goals, provides input and direction, makes decisions
- **Executive Director** – Provides input and management expertise
- **Department Heads** – Provide input and specific expertise
- **Residents** – Provide input and feedback

3 Delivery

A final master plan is presented to the board or owner, covering all components of phased improvements, from design and programming to finances. This plan becomes the information book for the architect contracted to design the improvement. By having all aspects of the project design conform to the instructions in the master plan, the board or owner can feel assured that the scope of the project will satisfy both its goals and financial capabilities.

Master Planning Case Study

Situation:

In 2006, the leadership of Friendship Village Sunset Hills, a large, not-for-profit life care community in Sunset Hills, Missouri, was facing an increasingly competitive environment. The board realized the community' aging physical plant, which opened in 1978, needed to be repositioned.

At a strategic planning retreat, participants identified the need for a master plan as one of its six strategic goals. The community hired an architect to lead the master planning process, but when the plan was delivered, it lacked essential project economics planning.

Solution:

The community leadership then elected to follow a comprehensive master planning process conducted by *LCS Development*, whose approach was to invite collaboration, improve project economics, and produce an integrated, long-term master plan. Over a nine month period beginning with the initial meeting, the master plan was created, revised and ultimately approved.

"The team at *LCS Development* is very flexible and adept at financial analyses. They were able to provide various apartment mix configurations along with the financial impact of each scenario. Together we were able to determine the optimal solution for the community," says Howard Curtis, Friendship Village Board Chair.

Master Planning Recommendations:

- Improve the efficient use and layout of the physical site
- Centralize common amenities to benefit residents and staff
- Modify the campus mix of apartments and amenities to be market competitive
- Enhance the mix of apartment and cottage residences
- Expand health center using a resident-centered healthcare design
- Implement new contract options and an optimal phasing plan to maximize financial performance

Outcomes:

As a result of the recommendations, construction began on the first phase of a four phase master plan, and the community is well-positioned to meet the changing demographics and competition in the greater St. Louis marketplace.



Does Industry Experience Matter?

In a word, yes. Creating a master plan for a senior living community without the benefit of industry knowledge and experience could mean overlooking critical factors.

If federal regulations dictate modifications for a community's healthcare center and the improvement doesn't satisfy those regulations, it may not be in compliance. Or, when national trends suggest that a wellness program is a critical differentiator for prospective residents, the plan to remodel a fitness center should address this consumer demand.

Developing a master plan that integrates operations, management, finance and marketing considerations—specific to senior living—can help a community move forward without any second-guessing.

“Master Planning without a Strategic Plan is like a ship without a rudder. You won't get consensus built without the organizational strategy behind it.”

*Joel Bleeker, Director of Design
LCS Development*

Conclusion

Maintaining—or securing—the market leader position for your senior living community requires diligence. Through guided planning sessions, robust discussions and group collaboration, stakeholders can develop a strategic vision for your community and approach capital improvements in a logical and prudent manner.

Strategic plans and master plans are tools that provide direction for your senior living community, both in the short- and long-term. They help achieve consensus in the community's leadership, and they give confidence that the decisions are well-reasoned and in the best interests of residents and the long-term viability of the community.

Strategic Plan + Master Plan = Long-Term Success

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